Versalis Annual Report 2024

eni

Mission

*To lead sustainable chemistry,
driving change to create value
for people.*

Eni's Mission

We are an energy company.
We concretely support a just energy transition, with the objective of preserving our planet
and promoting an efficient and sustainable access to energy for all.
We base our work on passion and innovation,
On our unique strengths and skills.
On the equal dignity of each person, recognizing diversity as a key value for human development.
On the responsibility, integrity and transparency of our actions.
We believe in the value of long-term partnerships with the countries and communities where we operate, bringing long-lasting prosperity for all.

Governance

Our company is subject to the direction and coordination of Eni, with a Corporate Governance system designed to effectively comply with the principles of integrity and transparency. In accordance with Eni's guidelines and in compliance with the duties of Versalis Shareholders' Meeting, the system assigns management responsibility to the Board of Directors, supervisory functions to the Board of Statutory Auditors, and auditing functions to the independent auditors.

All members of the Board of Directors meet the independence requirements set forth in the applicable regulations and recommendations of the Corporate Governance Code.

The members promote the Company's interests, making decisions objectively and avoiding potential conflicts of interest, in line with Eni's Code of Ethics, to which Versalis fully adheres.

Corporate Bodies

Shareholders' meeting

BOARD OF DIRECTORS(1)

CHAIRMAN (3)
Marcello Poidomani

CHIEF EXECUTIVE OFFICER
Adriano Alfani

DIRECTORS (NON EXECUTIVE)
Cristiana Argentino
Grazia Fimiani(3)
Luca De Santis

BOARD OF STATUTORY AUDITORS(1)

CHAIRMAN
Marco Seracini

STATUTORY AUDITORS
Angelo Cremonese
Valeria Pichiorri

ALTERNATIVE STATUTORY AUDITORS
Roberto Colussi
Livia Anna Schivardi

SUPERVISORY BODY

Enrico Mezzetti (4) **CHAIRMAN**
Alfredo Lopez (5)
Michele Brancadoro

INDEPENDENT AUDITORS(2)

PriceWaterhouseCoopers SpA

(1) Appointed by Shareholders' Meeting of April 26, 2022
(2) Appointed by the Sharoholders'meeting of July 11, 2018, and renewed on April 26, 2022, for a three-year period which expires upon the approval of the Financial Statements for the year 2024
(3) Appointed by co-optation under Shareholders' resolution on July 29, 2024, and in charge till next meeting
(4) Appointed by the Shareholders' Meeting of June 19, 2023
(5) Appointed by the Shareholders' Meeting of December 6, 2023

Index

Disclaimer

The Annual Financial Report contains forward-looking statements in the section "Business outlook" which by their nature have a component of risk and uncertainty because they depend on the occurrence of future events and developments. The actual results may differ even significantly from those announced in relation to a variety of factors, the ability of management to execute business plans and success in commercial negotiations, the future evolution of demand, supply and prices of raw materials, actual operating performance, general macroeconomic conditions, geopolitical factors such as international tensions and socio-political instability and changes in the economic and regulatory framework in many of the countries in the which Versalis operates, success in the development and application of new technologies, changes in stakeholder expectations and other changes in business conditions, competitive action.

Letter to Stakeholders

Dear stakeholders,

2024 was a year of great challenges and changes for us. The negative trend in results and performance continued, mainly due to the loss of competitiveness of European and Italian chemicals industry that is, by now, structural and irreversible. This situation has been caused mainly by the high cost of raw materials and energy, the small size of plants compared to the Middle East, the United States and Asia, and the economic impact of the regulatory system and decarbonisation policies.

These aspects significantly influence the production cost of products such as Ethylene, which can be up to three to four times higher than those produced outside Europe. Such prices can only have a negative impact on a downstream supply chain that already faces an oversupply of imported products at much more competitive costs.

The scenario just described thus explains the reasons why European basic chemicals are suffering today; proof of this are also the numerous announcements of rationalisations and closures of other major players in the sector.

In this context, we announced in October 2024 our transformation, decarbonization and revitalization plan that envisages, on the one hand, the reduction of exposure in basic chemistry, with the shutdown of cracking plants and the sharp downsizing of polyethylene production while, on the other hand, the growth of new platforms in circular, bio and specialized chemistry. Over the next 4-5 years will be carried out investments amounting to 2 billion euros and a cut in emissions of about 1 million tons of CO2, corresponding to about 40 percent of Versalis's emissions in Italy including new industrial plants. This plan complies with the energy transition and decarbonization of the various sites, considering the above mentioned investments will be in the area of sustainable chemistry, biorefining and energy storage. The transformation plan aims at maintaining industrial intensity and employment, without recourse to social shock absorbers.

The focus will remain on three main platforms. The first is biochemistry, on which we have been working for some time both as Versalis, therefore with proprietary technologies, and through Novamont; the second platform concerns circularity, while the third relates to portfolio specialisation, with Finproject and Tecnofilm.

There are also projects that we will pursue together with Eni, such as the biorefinery that will be built in the Priolo complex - partly exploiting the infrastructure of the cracker, which will be closed down - or the production of stationary storage in Brindisi.

The development of the biochemical platform is part of Eni's energy transition path, which identifies the bio-based chemical sector as one of its priorities. With Novamont, we will be able to take advantage of new synergies, making the most of what has already been built and putting in place projects for the total integration of the upstream and downstream of this specific business area. Novamont's bioeconomy model itself is an important tool to support the decarbonisation of this sector in continuous evolution.

In the area of circularity, we have built and started up a new plant in Porto Marghera, for the production of plastics – that is in whole or in part - from mechanically recycled raw materials. Still, in the area of mechanical recycling, we presented Refence® , the innovative range of recycled polymers based on the proprietary Newer® technology - created in the Versalis laboratories in Mantua - for packaging in *direct contact with food, already available on the market for polystyrene applications.*

Regarding chemical recycling, we completed the mechanical set up of the Hoop® demonstration plant at the end of 2024, while the last tests before start-up are in progress. The Mantua experience will allow the design of the industrial-size plant created in Priolo to be optimised.

The strategic direction of specialisation concerns Versalis' broader technology portfolio for the production of polymers. In general, we are moving towards sectors where customers demand not just materials, but solutions to specific product or process requirements as the added value lies in the ability to satisfy them and bring innovation, also with a view to decarbonisation.

The challenges that await us can only be achieved with everyone's contribution, and it is also for this reason that every day we firmly renew our commitment to guarantee a safe workplace, the highest quality standards, and respect for the environment, for our people and for those who work with us.

Every milestone we achieve testifies to our ability to overcome complex challenges together.

It is for this reason that we would like to express our sincere thanks to all those who, with their professional contribution, skills and energy invested every day, participate in the transformation of our company, always keeping at the centre the values that are the foundations of the future we have planned.

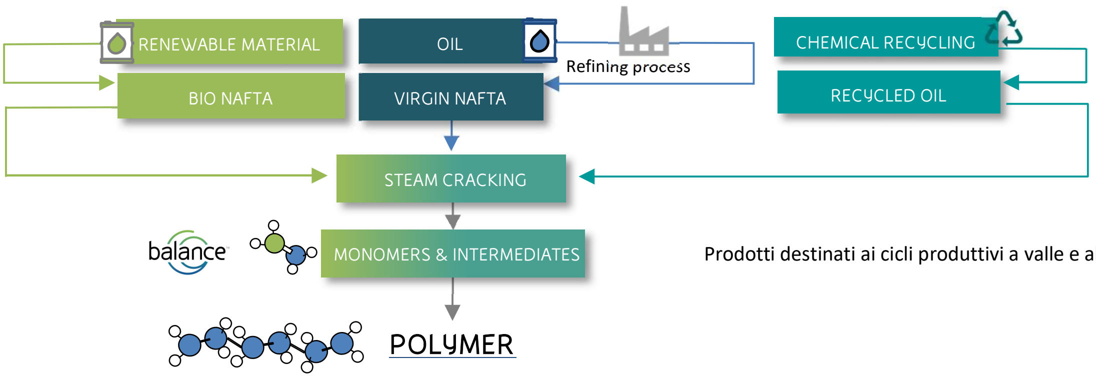
Company Profile

Through Versalis, Eni is active in the production and marketing of chemicals (basic chemicals, polyethylene, styrenics and elastomers), chemicals from renewables and the development of innovative and complementary technologies in plastics recycling.

Thanks to Novamont, a leader in the circular bio-economy and in the market for biodegradable and compostable bioplastics, Versalis has strengthened its position in bio-chemicals by offering the market a range of sustainable bio-based products and solutions (mainly bioplastics, biolubricants, bioherbicides) for application in packaging, agriculture and industry.

Thanks to Finproject, a leading company in the production of ultra-lightweight products, and Tecnofilm, a company specialising in the compounding sector, Versalis has extended its commercial offer with products for the market of higher value-added applications, positioning itself in sectors such as high-end footwear, design and furnishing industries and sectors linked to the energy transition, such as wire&cable, security and automotive.

TRADITIONAL CHEMICALS PRODUCTION CYCLE WTH MASS BALANCE APPROACH



POLYETHILENE

Pouches, greenhouse films, industrial films, food packaging films, agricultural films for soil protection, irrigation hoses, laminating films, toys, flexible containers, bottles, caps, compounds for daily use and the automotive industry.

ELASTOMERS

Tyres, footwear, adhesives, building pipes, electrical cables, automotive components and seals, household appliances, technical articles, plastic and bitumen modifiers, carpet backing, paper coating and moulded foam.

STYERNICS

Insulation for construction, materials for electrical and electronic equipment, household goods, industrial and food packaging, components for small and large household appliances, cars, sports equipment, furniture, pipes and fittings, lighting technology, medical and pharmaceutical items and toys.

COMPOUNDING Production of pvc and expanded polyolefin compounds.

MOULDING Moulding of expanded polyolefins for the footwear and ultra-lightweight material industries.

The materials produced by Versalis are obtained through a production cycle involving several processing steps. Virgin Naphtha, a raw material derived from oil refining, undergoes thermal splitting through the steam-cracking process. Its molecules are broken down into simpler molecules: monomers (ethylene, propylene, butadiene, etc.) and mixtures of aromatic compounds. These are then reconstituted into more complex molecules: the polymers. The families of polymers obtained include polyethylene, styrenics and elastomers used by processors to make numerous everyday products used in a multitude of applications.

The transition path towards a circular economy represents one of the main levers to the current environmental challenges, decoupling economic growth from the use of finite and non-renewable resources. Based on this approach, business and production processes are revisited, minimising the use of natural resources, reducing and valorising waste (from production, waste, emissions, discharges) through recycling or recovery actions, and extending the useful life of products and assets through reuse or reconversion actions.

Versalis is committed to developing complementary solutions for recycling plastics and rubbers. We enhance existing technologies by promoting the use of secondary raw materials and innovative sustainable products also through research and development of integrated technology platforms and partnerships with different players in the value chain.

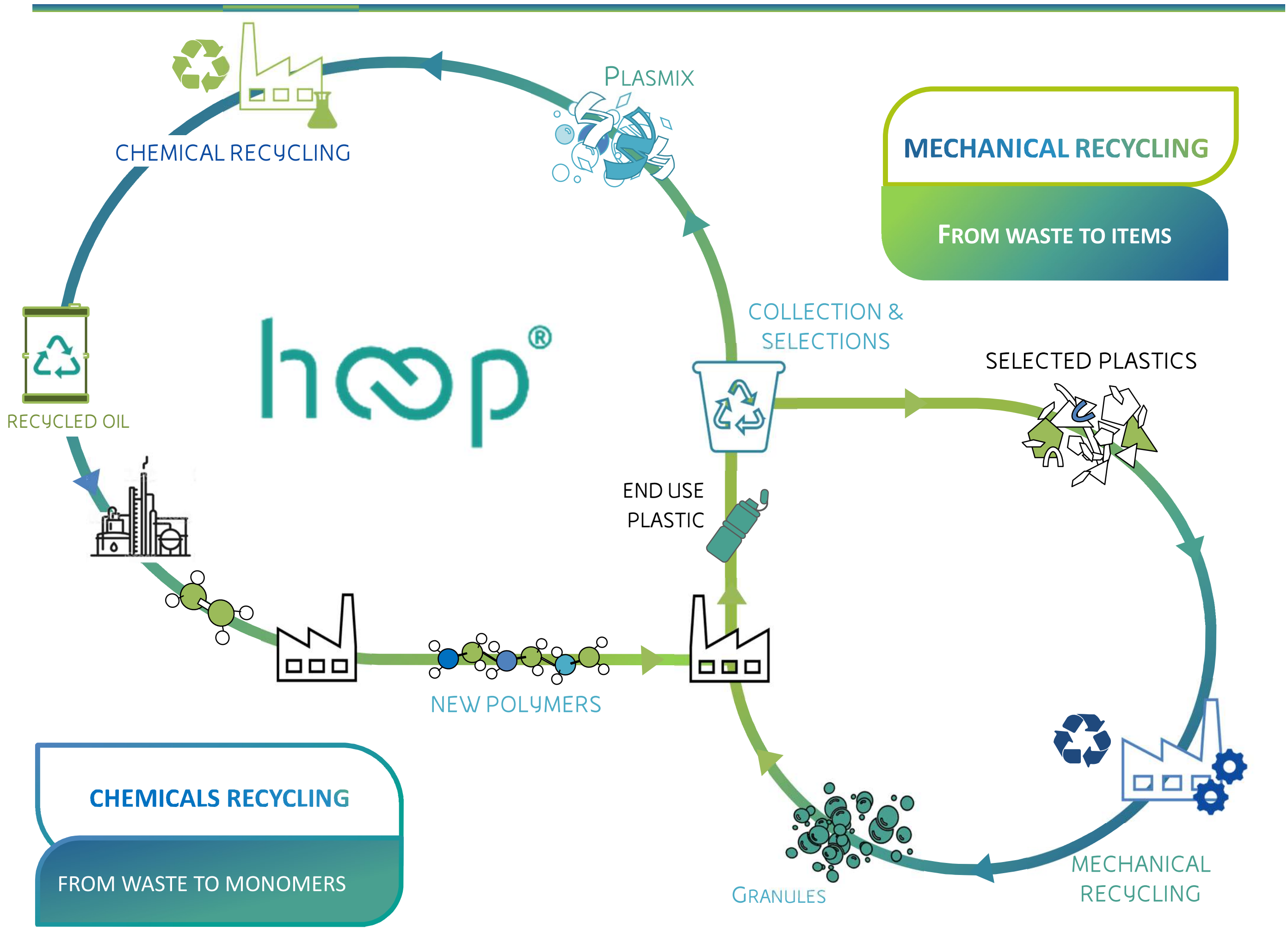
Versalis is developing technologies for mechanical and chemical recycling of complementary plastics and rubbers to achieve full circularity of our products.

Mechanical recycling, which has already been developed on an industrial scale, has an advantageous economic and energy impact but has limitations in valorising certain types of plastic waste such as mixed plastics.

In order to achieve full product circularity and valorise all types of plastic waste, we are developing other innovative technologies, such as chemical recycling, in parallel.

The Hoop® project on chemical recycling was set up with the aim of transforming mixed post-consumer plastics from separated waste into raw material to produce new polymers, in complementarity with mechanical recycling. Versalis has started construction of the demo plant based on Hoop® technology in Mantua, the only Italian winner of the 2023 call for proposals for the EU Innovation Fund, a European funding programme dedicated to innovative low carbon technologies.

INTEGRATED PLATFORM FOR PLASTIC WASTE RECYCLING



With the acquisition of Novamont, Versalis group started developing biointermediates, biochemicals and bioproducts (e.g. bioplastics, biopharmaceuticals, biolubricants, cosmetic ingredients) that, thanks to their biodegradability and compostability in different environments, make it possible to offer sustainable solutions by reconciling product quality and performance with resource efficiency.

Chemistry innovations from renewable sources are the result of a circular bio-economy model, based on the reconversion of disused or no longer competitive industrial sites, on an agricultural supply chain integrated into the territory and not in competition with food crops.

Furthermore, compostable bioplastics were created to help reduce organic waste from landfills, allowing it to be transformed into a valuable resource such as compost, a soil conditioner and a useful nutrient for soil fertility.

Our biolubricants and bioherbicides are also designed to minimise the risks associated with the possible release of these products into the environment.

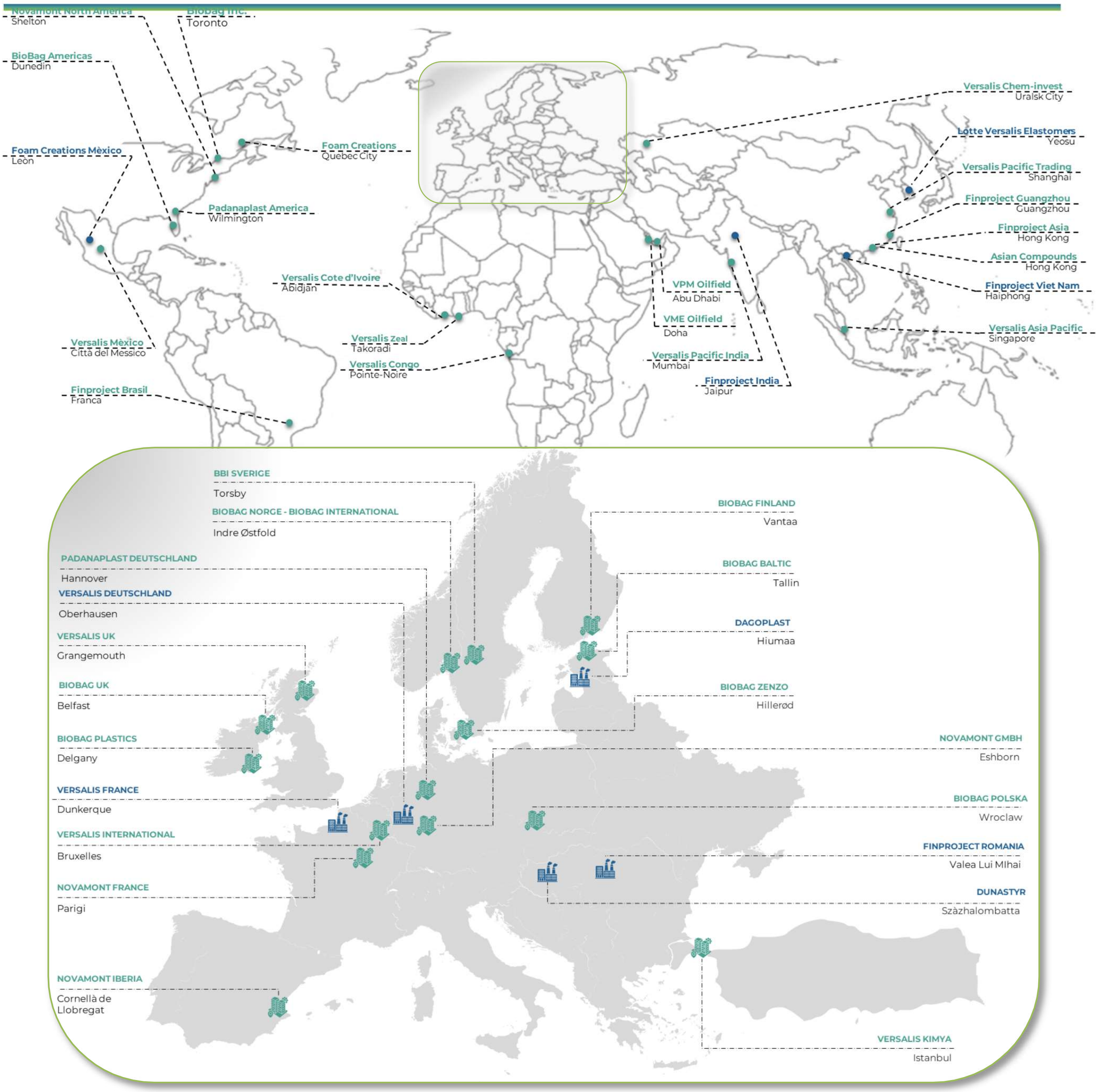
CHEMISTRY FROM RENEWABLES: EXAMPLES OF APPLICATION OF BIODEGRADABLE AND COMPOSTABLE PRODUCTS

Food packaging, coffee capsules, bags for organic waste collection, shopping bags, fruit and vegetable bags, compostable crockery, biofillers for the automotive sector, hygiene and personal care products, gift items, mulching cloths.

Biolubricants, advanced biofuels, disinfectants, bioherbicides, bioproducts for cosmetics and pharmaceuticals, phytoproducts, animal feed components.

Versalis in the World

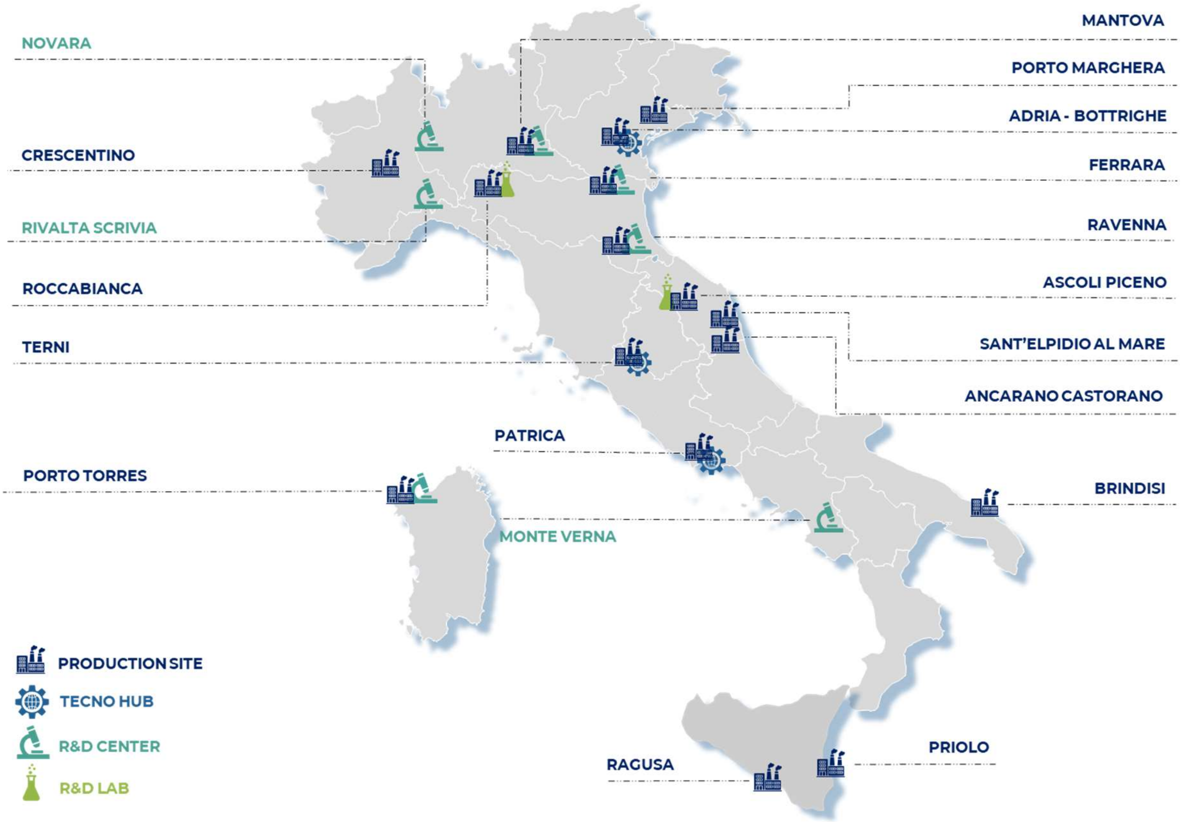
Versalis historically operates in Italy and Europe with several production sites and, following the acquisition of Finproject and Novamont, has expanded its production presence to Romania and Estonia. A global sales network enables widespread and effective customer support, thanks to an integrated system capable of meeting market needs with its own offering. Versalis is present in the Asia-Pacific region, with production sites in India and Vietnam and offices also in Shanghai, Mumbai and Singapore; it also operates in South Korea with LVE. The group is also active in the North American and Mexican markets, in particular, with the compounding and Bio Chemistry business. The group is also active in the African and Middle Eastern markets with the Oilfield Chemicals business, in Ghana, Congo, Côte d'Ivoire, Qatar and in the United Arab Emirates with the VPM joint venture.



Presence in Italy

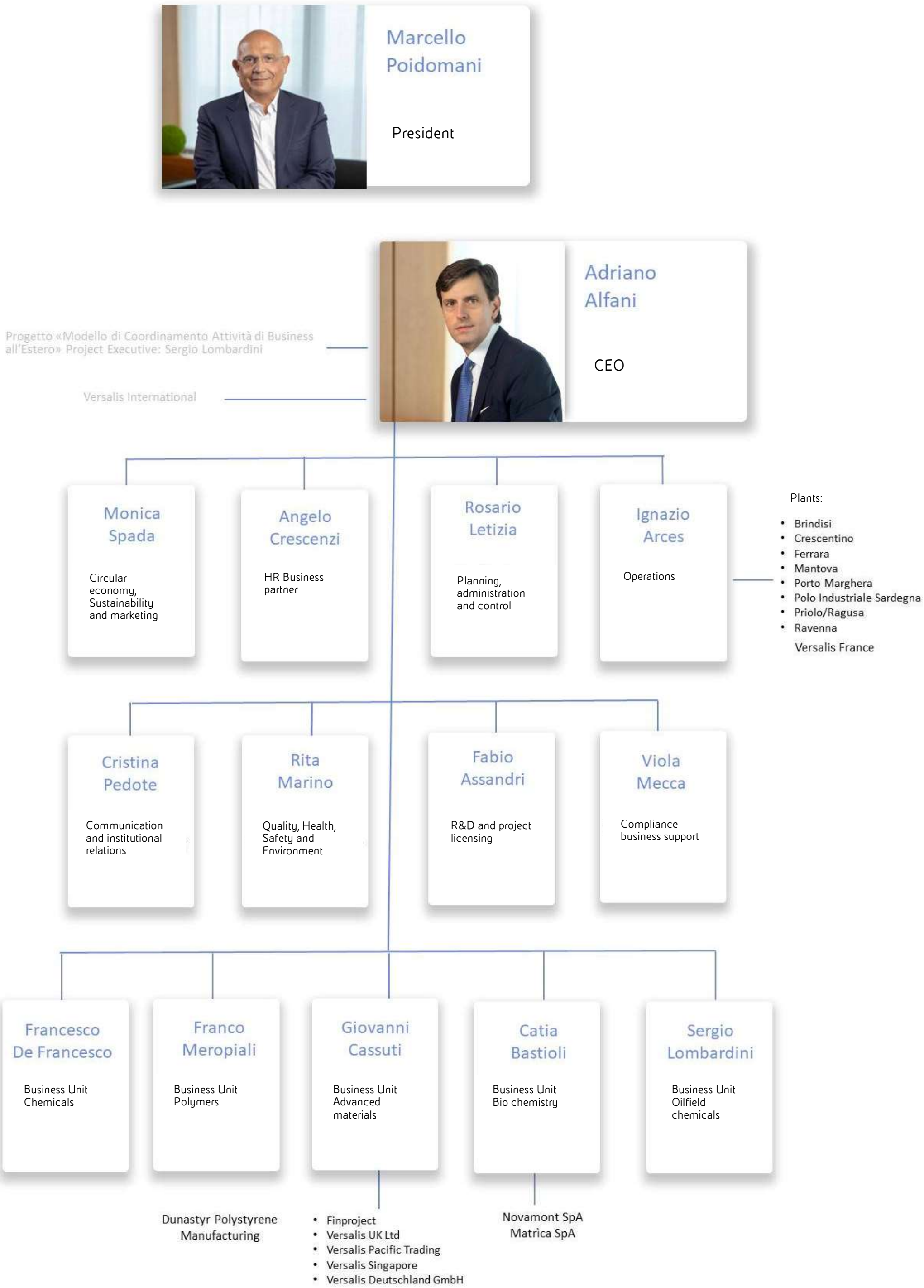
In Italy, Versalis operated in 2024 in the field of traditional chemistry at production sites in Brindisi, Ferrara, Mantua, Porto Torres, Priolo, Ragusa and Ravenna. A new site for advanced mechanical recycling of post-consumer plastics (styrenic polymers and polyolefins) is under construction in Porto Marghera. The Finproject group's production plants in Italy are located in Ascoli Piceno, Roccabianca, Ancarano and Castorano. On 15 April 2024 Versalis finalised the acquisition of 100% of Tecnofilm SpA, a company specialising in compounding with a plant in Sant'Elpidio a Mare. In the Bio Chemistry business, Versalis SpA operates a plant in Crescentino specialising in the production of ethanol from waste vegetable raw materials (lignocellulosic), Matrìca operates in Porto Torres and Novamont SpA operates in Adria- Bottrighe, Patrica and Terni.

The 7 research centres are: the Basic chemicals and plastics research centre in Mantua, the Novamont research centre in Novara, the Bio Chemistry R&D and research centre in Rivalta Scrivia, the Elastomer research centres in Ravenna and Ferrara, the Matrìca research centre in Porto Torres and the Novamont research centre in Piana di Monte Verna. Finproject's research laboratories in Roccabianca and Ascoli Piceno deal with research and development for silane and peroxide crosslinking technology. The technology hubs in Terni, Bottrighe and Patrica are experimental spaces located at Novamont's industrial plants.



Organisational structure

Reporting to Managing Director Adriano Alfani are the units of: Circular Economy, Sustainability & Strategic marketing, HR Business partner, Planning, Administration and Control, Operations, Communication and Institutional Relations; Quality, Health, Safety and Environment; R&D, Licensing and Project Development, Compliance Business support and the Business Units: Chemicals, Advanced Materials, Polymers, Bio Chemistry and Oilfileld chemicals.



Business Model

Base Chemistry

Basic monomers resulting from the cracking process for important industrial uses in the production of plastics and other components in the rubber, fibre and solvent industries.

Polymers

It mainly includes the production of:

Polyethylene, an industrial semi-finished product derived from ethylene and used in the production of a wide range of products, such as packaging films, bottles, containers, compounds for civil uses and the automotive industry.

Styrenics, very versatile, light and recyclable plastics with good mechanical properties and high insulating power, used in the production of industrial and food packaging, household appliances, insulators, electrical and electronic equipment, automotive components.

Advanced Materials

It mainly includes the production of elastomers, polymers that possess elasticity with a variety of applications, such as tyres, footwear, adhesives, building and automotive components, pipes, electrical, household appliances, additives for plastics and bitumen, synthetic latex.

Compounding

In the Advance Materials Business, the Finproject Group is active in rigid and plasticised PVC compounds, polymer alloys and special Polyolefins, including compounds under the Levirex® brand name and moulding activities of lightweight and versatile closed-cell foam plastics, also through the XL EXTRALIGHT® brand.

Bio Chemistry

Through the Novamont Group, Versalis strengthens its position in the area of chemicals from renewable sources, in particular in the bioplastics sector, in the development of bioproducts and biochemicals.

Specialty Oilfield Chemicals

Innovative solutions in the field of design, production and supply of chemicals for the oil extraction industry, with applications focusing on research and production plant processes.

7.389
employees

27
plants
including LVE

7
R&D sites

Highlights

PERSONNEL SAFTY

Throughout 2024, Versalis maintained its ongoing commitment to ensuring personnel safety. A total of 18 injuries were recorded, including 13 involving employees and 5 involving contractors, primarily linked to behavior-related incidents. Compared to 2023, at the same level of consolidation (as also observed during the 2018–2022 five-year period), an increase in the number of injuries was noted. This rise is related both to behavioral factors and to equipment-related issues. In response, several risk mitigation actions were planned and, in part, implemented during the year. Additionally, surveys were conducted on basic operations at selected facilities to assess awareness of the contents of the Risk Assessment Document (DVR).

It is highlighting that, over the course of the year, 40 out of 44 sites achieved the objective of "One Year Without Employee Injuries."

HIGHLIGHTS OF THE YEAR

On April 15, Versalis completed the acquisition of 100% of Tecnofilm SpA, a company specializing in the compounding sector. This acquisition set Versalis to the strategy of strengthen its market share in high value-added segments.

In June, Versalis started a collaboration with Crocco SpA SB, a primary company in the flexible packaging sector. The partnership focuses on the production of food-grade packaging film made partially from post-consumer recycled plastics, with the goal of launching serial production for the large scale distribution market.

In July, as part of its circular economy initiatives, Versalis and Forever Plast launched Refence™, an innovative line of recycled polymers for food contact packaging. The new products, developed using the proprietary NEWER™ technology, will enhance the Versalis Revive® portfolio of mechanically recycled materials.

In September, Versalis, Bridgestone, and the BB&G Group signed an agreement aimed at establishing a circular supply chain to convert End-of-Life Tires (ELTs) into new tires. The agreement will enable the development of a scalable industrial model for an increasingly sustainable supply chain. According to the Tyre Industry Project of the World Business Council for Sustainable Development (WBCSD), approximately one billion tires reach end-of-life each year. Bridgestone, Versalis, and BB&G are committed to creating innovative and more sustainable solutions in the synthetic rubber sector, aiming to maximize the full lifecycle tires'. This partnership will support the sustainability goals of all three companies.

In October, during the ongoing circular economy initiatives, Versalis and Vesta launched ReUp, a new brand in the furniture and home decor sector. The brand focuses on the production and marketing of plastic-based solutions derived entirely or partially from renewable or recycled sources.

In October 2024, Versalis finalized its Transformation and Relaunch Plan for the chemical business, also framed within a decarbonization perspective. The plan involves approximately €2 billion in investments and aims to reduce CO_2 emissions by about 1 million tonnes—representing roughly 40% of Versalis' emissions in Italy. The plan includes the development of newdustrial plants aligned with the energy transition and decarbonization strategies across various industrial sites. These initiatives will involve not only sustainable chemistry but also biorefining and energy storage. To enable the construction of the new plants, operations at the cracking units in Brindisi and Priolo, and the polyethylene unit in Ragusa, will be discontinued. At the end of transformation process, it is expected to have a positive employment impact, mitigating the negative effects stemming from the long-standing structural crisis in the European chemical sector. The Plan is scheduled for implementation by 2029. It is going to aim for development investment of new platforms for renewable-based, circular, and specialized chemistry, whose markets are growing and in which Versalis has established a leadership position.

LUMMUS TECHNOLOGY

In January 2025, Lummus Technology—a company specialized in technological processes and innovative energy solutions—and Versalis announced a new strategic partnership for the licensing of technologies within the phenol value chain. Lummus will exclusively license technologies from cumene to cyclohexanone oxime, while both companies will jointly handle engineering, promotion, and license sales, as well as the supply of proprietary catalysts and equipment.

Technological innovation

During 2024, research and technological innovation activities—employing approximately 340 professionals—focused on improving processes and products within existing business lines and on developing proprietary technologies, in continuity with previous years. In addition to decarbonization, it has been a growing emphasis on sustainable and circular chemistry, recognized as a strategic pillar for the company. Through integration with subsidiaries Finproject and Tecnofilm, R&D activities in new compounds and related production technologies have further expanded.

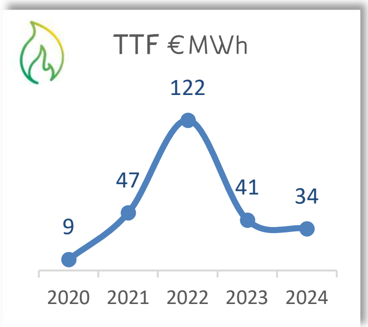
Production

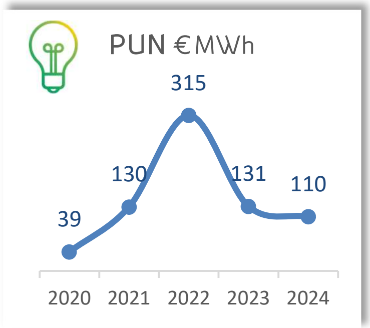
Total production in 2024 amounted to 5,685 thousand tonnes, representing an increase of 71 thousand tonnes (+1.3%) compared to the previous year. This growth is primarily attributable to increased output from the Bio Chemistry business line (up by 198 thousand tonnes), following the consolidation of the Novamont Group. This positive effect was partially offset by the deflection in polymer production (down by 99 thousand tonnes) and intermediates (down by 26 thousand tonnes).

Results and strategies

The European chemical market continues to face significant challenges, characterized by a decline in demand for base polymers due to the macroeconomic crisis, and increased imports from the USA and Middle East, driven by the lower competitiveness of European production. The strategic assumptions underpinning the Plan address these dynamics through a rationalization of base chemical operations, aiming to reduce base chemical production by 80% by 2028 compared to 2024. Concurrently, demand is expected to rise for decarbonized and circular products and for specialized polymers—particularly in the Cable, Photovoltaic, and Tyre sectors, as well as in Construction, Technical Goods, and Footwear. In this context, the Versalis Group reported an operating loss of €1,005 million and a negative net cash flow from operating activities of €489 million. The parent company, Versalis SpA, reported a net loss of €637 million. Considering the fully paid-in share capital of €200 million and reserves of €511 million, this situation meets the conditions set forth under Article 2446 of the Italian Civil Code.

Versalis at a glance



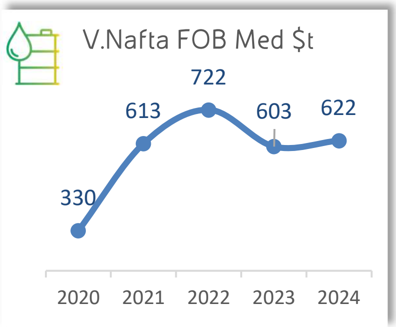


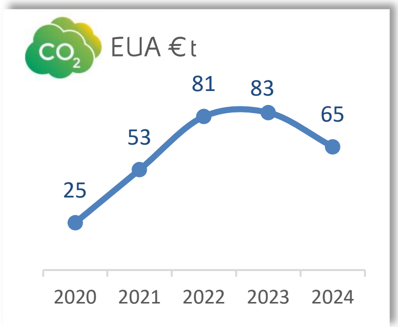
ECONOMICS AND FINANCIAL KPI

(€ million)	2024	2023	2022
Net sales from operations	4.257	4.236	6.215
Operating profit (loss)	(1.005)	(1.404)	(885)
Net profit (loss)	(771)	(1.288)	(882)
Net cash flow provided by operating activities	(489)	(692)	(423)
Capital Expenditures	210	187	255
Total assets	3.985	3.824	3.437
Shareholder's equity	(316)	(147)	67
Net financial position	2.581	2.457	1.999
Net capital employed	2.265	2.310	2.066

KEY OPERATING AND SUSTAINABILITY INDICATORS

Active employees	(number)	7.389	7.793
Accident frequency rate	(accidents/hours worked x 1.000.000)	0,94	0,59
Direct emission of greenhouse	(mln tonnes CO_2 eq)	1,90	1,93
Cost of research and development	(amount in millios of euros))	52	46
Productions	(k tonnes)	5.685	5.663
Plant utilization rate	(%)	50	52
Average EUR/USD exchange rate		1,05	1,18





Versalis group structure

A chart of the Versalis Group is illustrated here below. The companies are consolidated according to the integral method. The percentage indicated refers to the share of ownership pertaining to the controlling company. On July 31, 2024, the sale of Versalis Americas Inc to Eni Petroleum Co Inc. was completed with exclusion from the consolidation area on August 1, 2024.

On November 19, 2024, the merger of Materbiotech SpA into Novamont SpA was completed with legal effects from December 1, 2024 with accounting and tax effects backdated to January 1, 2024. This latter operation, being under business control, had no impact on the consolidated financial statements of the Versalis group.

Operating Review

The economic outlook in 2024 was characterised by good labour market conditions and a decline in inflation, which kept close to the Central Banks' target values, despite continuing geopolitical tensions (Russian-Ukrainian and Israeli-Palestinian conflict).

The growth rate of the global economy was stable (+3.2% as measured in 2023), albeit with rather heterogeneous performance among economic regions. Stable growth is also expected in 2025.

The economy of the Eurozone (EU27) in 2024, although remaining at modest values (+0.9%), recorded an increase compared to 2023 (+0.5%) due to the increase in exports and the European Central Bank's policy of lowering rates.

The Middle East region improved with GDP rising from +1.2% in 2023 to +1.5% in 2024. The GDP of the United States, on the other hand, decreases from +2.9% in 2023 to +2.8% in 2024.

The Far East area records a slight decline in economic growth (from 4.3 % in 2023 to 3.9 % in 2024). With reference to the latter area, the negative performance of the Chinese economy (from +5.2% in 2023 to +5.0% in 2024) and the Indian economy (from +8.1% in 2023 to +6.5% in 2024) are worth mentioning.

In Italy, a GDP growth of 0.5% is expected in 2024 (in 2023 growth of +1.0%).

At European level, production in the chemicals sector in 2024 showed a slight increase compared to 2023 (approx. 1.7%); the average plant operating rate, which, although modest (68%), increased slightly compared to 2023 (66%); while consumption increased by 1.4%.

Against this backdrop, the negative trend in results and performance continued due to the difficult situation in which the European basic chemicals sector currently finds itself.

In 2024, the Unit Contribution Margin for Reference Cracker was €255/tonne, down -3.0% compared to 2023 mainly due to the increase in the price of Virgin Naphtha despite the live increase in Ethylene and Propylene quotations.

During the year, Polethylene performed progressively worse (although less marked than in 2023) due to the deterioration of the European economic scenario, after a first quarter with slightly positive profitability related to the logistical difficulties generated by the geo-political tensions in the Red Sea, which effectively limited imports from the Middle East.

For Styrenics, the market contracted due to announced EU restrictions on the use of single-use packaging.

The elastomer business in 2024 was characterised by a timid recovery in the tyre replacement business; profitability was supported by rising elastomer prices and the gradual normalisation of energy costs, despite the increase in the price of butadiene.

ANNUAL PERFORMANCE

Versalis Group's 2024 **revenues** from ordinary operations amounted to €4,254 million, compared to €4,232 million in 2023 (+0.5%), mainly due to an increase in revenues from the Bio Chemistry business of €233 million due to the consolidation of the Novamont Group and Matrìca (consolidated from October 2023). This increase was partially offset by the decrease in sales revenue of the Polymers business (-8.2%).

Sales volumes for 2024 of 3,169 thousand tonnes are slightly up on 2023 (52 thousand tonnes or +1.7%). In particular, there was an increase in Chemicals (Olefins, Aromatics and Phenol Derivatives) +4.2% partially offset by a decrease in Polymers of 7%. In the Compounding business, sales amounted to 64 thousand tonnes, down 4.5% compared to 2023. Sales in the Oilfield Chemistry business amounted to 14 thousand tonnes, down 33.3%. The significant increase (88 thousand tonnes) in Bio Chemistry product volumes came from the Novamont Group companies and Matrìca (consolidated from October 2023).

Average **unit prices** in the intermediate business decreased overall by 1.9% compared to 2023, mainly in the Olefins business by 3% and in the Derivatives business by 0.7%. There was also a decrease of 1.1% compared to 2023 in the Polymers business.

Total **production** of 5,685 thousand tonnes (+22 thousand tonnes compared to 2023) was affected by lower production of intermediates (-26 thousand tonnes), particularly aromatics and derivatives. Production decreases in 2024 at the Mantua (-85 thousand tonnes) and Priolo (-195 thousand tonnes) sites, while Dunkirk (+285 thousand tonnes) improved. The average plant utilisation rate, calculated on nominal capacity, was 50.4% lower than in 2023 (-1%).

Revenues

(millions of euros)	2024	2023	2022	Var. ass.	Var. %
Intermediates	1.530	1.497	2.368	33	2,2
Polymers	1.976	2.152	3.203	(176)	(8,2)
Bio Chemistry (a)	316	83	25	233	..
Moulding & compounding	254	276	327	(22)	(8,0)
Oilfield chemicals	78	97	83	(19)	(19,6)
Other revenues (b)	102	131	209	(29)	(22,1)
TOTAL REVENUES	**4.256**	**4.236**	**6.215**	**20**	**0,5**

(a) from October 2023 includes Novamont and Matrica revenues

(b) Third-party products sold under agency agreements through foreign trading companies and other service revenues.

(thousands of tonnes)	2024	2023	2022	Var. ass.	Var. %
Intermediates	3.851	3.877	4.897	(26)	(0,7)
Polymers	1.559	1.658	1.873	(99)	(6,0)
Bio Chemistry (a)	206	57	5	149	..
Total production of Chemicals	**5.616**	**5.592**	**6.775**	**24**	**0,4**
Moulding & Compounding	69	71	81	(2)	(2,8)
Total production	**5.685**	**5.663**	**6.856**	**22**	**0,4**
Consumptions and losses	(3.106)	(3.247)	(3.813)	141	4,3
Purchases and changes in inventories	590	701	709	(111)	(15,8)
Totale disponibilità	**3.169**	**3.117**	**3.752**	**52**	**1,7**
Intermediates	1.720	1.651	2.158	69	4,2
Polymers	1.255	1.350	1.494	(95)	(7,0)
Oilfield chemicals	14	21	21	(7)	(33,3)
Bio Chemistry (a)	116	28	3	88	..
Total Sales of Chemicals	**3.105**	**3.050**	**3.676**	**55**	**1,8**
Moulding & Compounding	64	67	76	(3)	(4,5)
Total Sales	**3.169**	**3.117**	**3.752**	**52**	**1,7**

(a) from October 2023 includes Novamont and Matrica revenues

BUSINESS UNIT REVIEW

Intermediates

In 2024, revenues from intermediates (EUR 1,530 million) increased by 2.2%. There was an increase in sales volumes (69 thousand tonnes + 4.2%), in particular, olefins improved (+14.6%) while aromatics (-17.2%) and derivatives (-5.6%) deteriorated. Average unit sales prices decreased overall by 1.9%, especially in olefins (-3.0%) and derivatives (-0.7%). Production of intermediates (3,851 thousand tonnes) decreased by 0.7% compared to 2023 mainly in aromatics (-17.8%) and derivatives (-9.4%).

Polymers

Revenues from polymers (€1,976 million) decreased by 8.2% compared to 2023 (€176 million) due to a decrease in sales volumes (95 thousand tonnes) and average sales prices by 1.1%.

The decrease in volumes sold in the polyethylene business (-7.5%) was due to the reduction in volumes sold of HDPE (-17.4%) and LLDPE (-13.4%), while volumes of EVA increased (+23.4%).

As of elastomers, there was a decrease in sales of Latex (-24.7%), EPDM (-11.4%) and BR (-1.9%), while NBR (+2.6%) and SBR (+10.1%) increased. Average sales prices increased by 1.3%.

The decrease in sales volumes of styrenics, due to the reduction in general demand, led to lower sales volumes of GPPS (-5.1%) and 'HIPS' impact-resistant polystyrene (-23.5%).

Polymer production (1,559 thousand tonnes) decreased by 6% compared to 2023, due to lower production of styrenics (-10.3%), elastomers (-9.2%) and polyethylene (-0.8%).

Oilfield chemicals

Revenues of the **Oilfield Chemicals** business of EUR 78 million decreased by 19.6% (-EUR 19 million) compared to 2023. The reason for this decrease was lower volumes (down about 33.3%), which was partly offset by stable sales prices.

Bio Chemistry

Revenues of the **Bio Chemistry** business of EUR 316 million also include the results of the Novamont group consolidated for the whole of 2024 in the amount of EUR 281 million. The Crescentino power plant marched steadily along, as production in the year amounted to about 82 GWh (77 GWh in 2023), and about 56 GWh (47 GWh in 2023) was sold to the grid. During 2024, Matrìca recorded an increase in both volumes and unit sales prices on the company's two main products (pelargonic acid and azelaic acid), achieving a positive contribution margin at an annual level for the first time. The plant ran steadily from February until October, then went into planned shutdown with restart scheduled for January 2025.

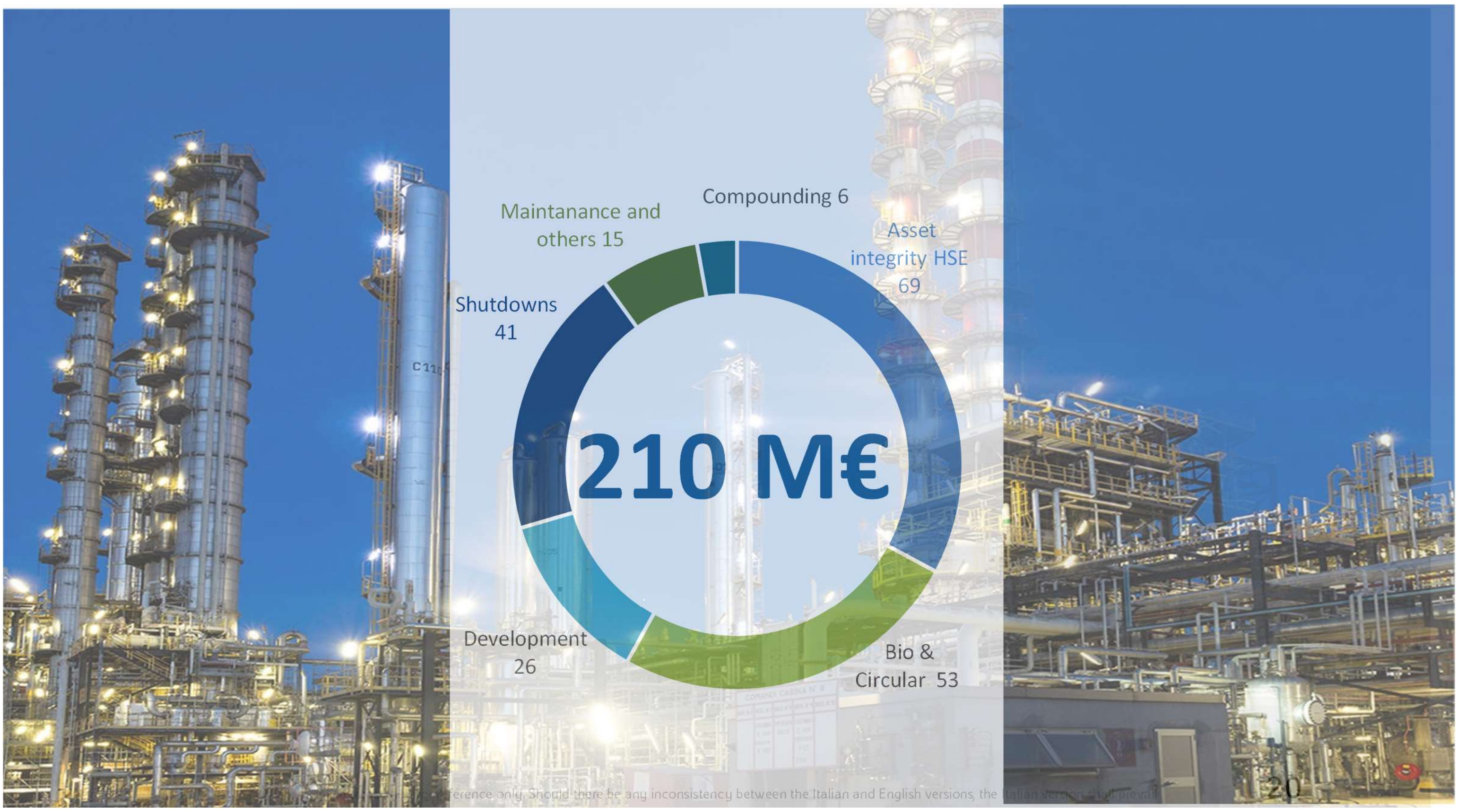
Moulding and compounding

Revenues from the Moulding & Compounding business (EUR 254 million) relate to the Finproject Group and refer to the moulding business in the amount of EUR 89 million, the compounding business in the amount of EUR 53 million, and the cable & wire business in the amount of EUR 112 million.

Technical investments

(milion of euro)	**2024**	2023	2022	Change
Olefins	22	32	70	(10)
Aromatics	34	8	2	26
Derivatives	6	4	4	2
Styrenics	8	3	3	5
Elastomers	19	29	11	(10)
Polyethylene	7	16	59	(9)
Biochem	12	5	7	7
Circular Economy	36	25	13	11
Compounding	6	7	11	(1)
Industrial Services	51	43	58	8
Staff e financial charges	9	15	17	(6)
Total	**210**	**187**	**255**	**23**

Net investments in tangible and intangible fixed assets of the year, equal to 210 milion euros, concerned: (i) adaptation of plants to safety and environmental and asset integrity regulations (69 milion euros); (ii) scheduled and cyclical maintenance interventions on Mantua, Priolo and Brindisi plants (41 milion euros); (iii) circular economy interventions for the Porto Marghera mechanical recycling project (25 milion euros) and for the Mantua chemical recycling demo plant (9 milion euros); (iv) development interventions for the strategic project of plants intended for SOL and NEOCIS production in Ravenna (17 milion euros) and (v) investments by the Finproject group of 6 milion euros and the Novamont group of 5 milion euros.



Financial review of Versalis group

PROFIT AND LOSS ACCOUNT

(€ million)	**2024**	2023	2022	Change
Net sales from operations	4.257	4.236	6.215	21
Other income and revenues	546	152	115	394
Operating expenses	(5.520)	(5.282)	(6.713)	(238)
Depreciation, depletion, amortization and impairments	(288)	(510)	(501)	222
Losses on wirte-off/disposal			(1)	
Operating profit (loss)	**(1.005)**	**(1.404)**	**(885)**	**399**
Net financial income (expense)	(68)	(59)	25	(9)
Net income (expense) from investments	9	(56)	(6)	65
Profit (loss) before income taxes	**(1.064)**	**(1.519)**	**(866)**	**455**
Income taxes	293	231	(16)	62
Tax Rate (%)	*27,5*	*15,2*	*(1,8)*	*12,3*
Net profit (loss)	**(771)**	**(1.288)**	**(882)**	**517**

Net loss

In 2024 Versalis Group achieved a net loss of 771 million euros, an improvement of 517 million euros compared to 2023. Operating result improved by 399 million euros mainly due to:

- Lower impact of the investment write-downs related to CGUs fully impaired in 2023 (163 million euros against 405 in the previous year);
- increase in polyethylene business profitability due to spread improvement. Such positive effect was partially offset by the reduction in production (-0.8%) and in sales volumes (-3.5%) due to weak demand in appliances and packaging sectors and increasing pressure of imported products;
- increased margins in the Bio Chemistry business due to the inclusion in the scope of consolidation of Novamont group companies whose results in 2023 impacted only in the last quarter while in 2024 they contributed for the whole year.

These positive phenomena were partially absorbed by:

- decreased margins in the intermediates business penalized by the decrease in (i) cracking margin and in (ii) production (-0.7%), due to scheduled plant shutdowns and accidents (Priolo, Brindisi and Mantua). These negative effects were partially offset by the increase in sale volumes, particularly of olefins (14.6%);
- Worsening of styrenic unit margins compared to 2023, due to increase in the cost of ethylene and benzene, only partially offset by a slightly growth in polymer prices. The business was also affected by the drop in both productions (-10.3%) and sales (-16.6%) due to reduced demand in packaging and heat insulation sector and to multi-year shutdowns of Mantua plant and Dunastyr;
- worsening of the elastomer business due to the decrease in production volumes (-9.2%), resulting from the final shutdown of Grangemouth plant, and in sales volumes (-2.9%). These negative effects were only partially offset by the slight increase in reference spread.

Analysis of profit and loss account items

Net sales from operations

(€ million)	2024	2023	2022	Change
Olefins	978	879	1.478	99
Aromatics	261	307	442	(46)
Derivatives	291	311	448	(20)
Oilfield chemicals	78	97	83	(19)
Elastomers	561	570	816	(9)
Styrenes	524	630	919	(106)
Polyethylene	892	952	1.468	(60)
Biochem	316	83	25	233
Moulding & Compounding	254	276	327	(22)
Corporate & Services	102	131	209	(29)
	4.257	4.236	6.215	21

Net sales from operations increased by 21 million euros mainly due to the consolidation for the whole year of the results of Novamont group and Matrica, which in 2023 only impacted the last quarter, and due to higher sales volumes of olefins business (14.6%) and EVA (23.4%). These effects were offset by the reduction in the sale of oilfield chemicals (-32.2%), aromatics (-17.2%), styrenics (-16.6%), derivatives (-5.6%), polyethylene (-3.5%) and elastomers (-2.9%).

Other income and revenues

Other income and revenues increased by 394 million euros compared to 2023, mainly due to higher income (271 million euros) arising from the agreement with an Italian operator to share on an equal basis the environmental costs incurred at certain Italian sites, which were jointly managed in the late 1980s and early 1990s by the two partners and at which clean-up activities were subsequently conducted and charges incurred entirely by Versalis SpA. To such effects should be added: higher income from the sale of emission trading (115 million euros), higher recovery of costs from third parties and from Eni group companies (37 million euros), income from contractual penalties (8 million euros) and higher incentives received to produce renewable energy (5 million euros). Such effects were partially offset by lower income from licenses and royalties (23 million euros), reduced insurance income (10 million euros) received from Versalis France and lower income from the disposal of tangible assets (2 million euros).

Operating expenses [1]

(€ million)	2024	2023	2022	Change
Production costs – raw, ancillary & consumable materials and goods	3.044	3.124	3.990	(80)
Service costs	1.523	1.449	2.042	74
Operating leases and other	29	40	30	(11)
Net provisions for contingencies	194	91	135	103
Other expenses	226	90	68	136
receivables	8	(5)	4	13
Payroll and related costs	496	493	444	3
	5.520	5.282	6.713	238

[1] Costs for services and other miscellaneous charges are shown net of the utilization of provisions for risks and charges.

Operating expenses increased by 238 million euros, equal to 4.5%, as illustrated in the previous table.

The 2.6% decrease in **costs for purchase of raw materials, ancillary & consumables, materials, goods and change in inventories** is mainly due to the decrease in purchased quantities, an effect partially offset by the increase in the average unit price of virgin naphtha compared to 2023.

Service costs increased by 5.1% mainly due to the inclusion of Novamont group companies in the scope of consolidation which impacted for the whole year 2024. In addition, the costs of consulting, maintenance, logistics, improvement and modifications increased. These effects were only partially offset by a decrease in utility prices.

Operating lease cost decreased mainly due to lower costs for use of licenses and intellectual property.

The increase of 103 million euros in **net provisions for risks and charges** is mainly due to higher net provisions for environmental risks and charges due to revised estimates (94 million euros) and to the provision for decommissioning at Ragusa site (40 million euros). Such effect was partially offset by higher provision for disposals and restructuring (33 million euros) made by Versalis UK in 2023 to cope with the production shutdown of the Grangemouth plant.

Other net miscellaneous expenses, increased by 136 million euros mainly due to higher charges incurred to purchase emission rights (119 million euros), additional expenses from past year (9 million euros), more charges borne by Versalis France related to the BA106 line fire (5 million euros) and increased charges for business relationships (3 million euros).

Net utilization of bad debt provisions increased by 13 million euros, mainly due to some trade disputes of Versalis spa for customs and tax issues, to some critical situations related to Argentinean and Brazilian customers, and to the increase in disputed receivables of Versalis Deutschland and Versalis France.

Labor costs

Labor costs increased by 3 million euros mainly due to the consolidation of Novamont group companies (16 million euros) and Matrìca (6 million euros), which in the previous year impacted only the last quarter. This effect was partially offset by the lack of extraordinary remuneration paid to employees of Italian companies in November 2023 (20 million euros) and by the deconsolidation of Versalis Americas occurred in July 2024.

Depreciation, amortization and impairment

(€ million)	2024	2023	2022	Change
Tangible assets	58	67	87	(9)
Depreciation of leasing right-of-use asset	4	5	7	(1)
Inatngibles assets	63	33	22	30
Depreciation	**125**	**105**	**116**	**20**
Impairment (value recovery) net	**163**	**405**	**385**	**(242)**
	288	**510**	**501**	**(222)**

Depreciation of tangible assets decreased by 9 million euros compared to last year, mainly due to effect of impairment test 2023 which had resulted in 405-million-euro write-downs. Such effect was partially offset by higher depreciation coming from the consolidation of Novamont group companies (16 million euros) and Matrìca (2 million euros) for the full year 2024.

Depreciation of intangible assets increased by 30 million euros compared to last year, mainly due to the consolidation of Novamont group companies, occurred in last quarter 2023 (29 million euros).

In 2024 the **impairments** mainly concerned the investments done during the year related to CGUs completely written down in 2023 (163 million euros), which were considered not recoverable also as result of the impairment test 2024.

The impairment losses mainly referred to the following Cash Generating Units (CGUs): Intermediates (101 million euros), Styrenics (10 million euros), Elastomers (22 million euros), Biotech Crescentino (2 million euros), the Porto Marghera logistic centre (8 million euros) and the Ragusa plant (20 million euros), following its final shut-down.

For further details, please refer to the note "Net write-backs (impairment) of tangible and intangible assets and rights of use leased assets" of the Notes to the consolidated financial statements.

Net financial (expenses) income

(€ million)	**2024**	2023	2022	Change
Financial income (expenses) related to net borrowing	(70)	(53)	(20)	(17)
Financial income (expenses) from receivables and securities- operating activities		5	35	(5)
Financial income (expenses) on derivative contracts	6	(4)	5	10
Foreign exchange gains (losses)	(1)	(3)	6	2
Other financial income (expenses)	(8)	(6)	(3)	(2)
Capitalized financial expenses	5	2	2	3
	(68)	**(59)**	**25**	**(9)**

Net financial charges of 68 million euros increased by 9 million euros mainly due to an increase in financial expenses related to net borrowing and the lack of the release of bad debt provision of the financial receivable from Matrìca compared to the previous year. Such effects were partially offset by increased income from derivative contracts and lower exchange rate losses

Derivative instruments lack the formal requirements to be classified as hedging based on IFRS 9 and therefore the relative changes in fair value are recognized in the income statement.

Net income (expense) from investments

(€ million)	**2024**	2023	2022	Change
Income (losses) from equity valuations	(12)	(58)	(66)	46
Gains (losses) on disposal of iinvestments	21			21
Other income (expense) from investiments		2	60	(2)
	9	**(56)**	**(6)**	**65**

Net income from investments of 9 million euros mainly related to the gains on disposal by Versalis International of its shares in Versalis Americas to Eni International BV (21 million euros) and to the net effects of the equity valuation of the investments owned by Finproject SpA and Biobag International in subsidiaries not consolidated due to irrelevance (2 million euros). This positive effect was partially offset by the result of the equity valuation of the investment in the jointly controlled company Lotte Versalis Elastomers, which resulted in charges for 14 million euros.

Income taxes

(€ million)	**2024**	2023	2022	Change
Loss before income taxes				
Italy	(1.042)	(1.277)	(915)	235
Abroad	(22)	(242)	49	220
	(1.064)	**(1.519)**	**(866)**	**455**
Income Taxes				
Italy	(255)	(238)	(23)	(17)
Abroad	(38)	7	39	(45)
	(293)	**(231)**	**16**	**(62)**

For further details on the main changes in the tax rate, see the paragraph "Income taxes" in the notes to the consolidated financial statements.

RICLASSIFIED BALANCE SHEET[2]

(€ million)	31.12.2024	31.12.2023	Change
Fixed assets			
Property, plants and equipment	548	578	(30)
Leasing Right of use	29	26	3
Intangible assets	780	839	(59)
Investments	115	79	36
Receivables and securities held for operating purposes	1	1	
Net payables related to capital expenditures	(30)	(36)	6
	1.443	1.487	(44)
Net working capital			
Inventories	1.121	1.119	2
Trade receivables	442	504	(62)
Trade payables	(661)	(731)	70
Tax receivables (payables) and deferred tax	334	290	44
Provision for contingencies	(418)	(265)	(153)
Other current asset (liabilities)	68	(27)	95
	886	890	(4)
Provision for employee benefits	(64)	(67)	3
NET CAPITAL EMPLOYED	**2.265**	**2.310**	**(45)**
Net equity	(316)	(147)	(169)
Net financial debt (surplus)	2.581	2.457	124
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	**2.265**	**2.310**	**(45)**

Fixed Asset

The main changes to the fixed assets items are commented on below.

Property, plants and equipment, amounting to 548 million euros, decreased by 30 million euros mainly due to the outcome of the impairment test of the "*stay in business*" investments related to CGUs fully written down (161 million euros) and to the depreciation for the year (58 million euros). Such effects were partially offset by technical investments for the year (192 million euros).

The **right to use** leased assets of 29 million euros mainly refers to the right to use of land and buildings (26 million euros) and plant and machinery (3 million euros).

Intangible assets, which amounted to 780 million euros, decreased by 59 million euros mainly due to amortization for the period (63 million euros), write-downs (2 million euros), the sale of surplus emission rights capitalized in 2023 (9 million euros) and the non-repayable grant (6 million euros) provided by the European Union for Versalis spa's Hoop® project. Such effects were partially offset by technical investments for the period (18 million euros).

Equity **investments** of 115 million euros increased by 36 million euros mainly due to the purchase of the share in non-consolidated subsidiary Tecnofilm (17 million euros) and to the payment for a share capital increase in favor of the joint controlled company Lotte Versalis Elastomers (34 million euros), partially compensated by equity valuation of the related share (charges for 17 million euros). In addition, there is also the effect of the

[2] Refer to the notes on the consolidated economic and financial results for the methodological illustration of the reclassified statements.

valuation of the investments ,owned by BioBag International and by Finproject spa, in non-consolidated subsidiaries as they were deemed immaterial (income of 2 million euros).

Financial receivables and securities held for operating activities of one million euro referred to receivables granted to employees.

Net payables related to capital expenditures, equal to 30 million euros, decreased by 6 million euros mainly due to the reduction of the payables of Versalis SpA (5 million euros) and Versalis France (one million euros), as there weren't planned plant shutdowns at Dunkirk site in 2023.

| Net working capital

The main changes in the net working capital items are commented on below.

The 2 million euro increase in **inventories** was mainly attributable to finished products and was partially offset by a decrease in inventories of semi-finished goods and by a 3 million increase in provision for impairment losses on inventories, due to the adjustment of the quantities in stock to market value.

The 62-million-euro reduction in **trade receivables** was essentially related to the decrease in turnover, resulting from a drop in sales volumes.

Trade payables decreased by 70 million euros mainly due to the reduction in payables to third parties, partially offset by an increase in payables to Eni group companies.

The increase in **tax receivables and net tax provision** of 44 million euros was mainly due to (i) the increase in net deferred tax assets (265 million euros), (ii) decrease in income tax payables (7 million euros) and in debts for withholdings to be paid (6 million euros). Such effects were partially offset by a reduction in receivables for Versalis spa participation in the National Tax Consolidation (218 million euros)[3], by the increase in net Group VAT payables (14 million euros) and by reduced income tax receivables from foreign financial authorities (4 million euros).

The 153 million euro increase in **provisions for risks and charges** was mainly due to a 128 million euro net increase in the provision for environmental risks and charges of Versalis spa, a 39 million euro rise in provision for decommissioning of the polyethylene plant at Versalis SpA's Ragusa site and a 3 million increase in provision for redundancies. These effects were partially offset by a 17-million-euro decrease in Versalis UK provision for disposals and restructuring.

The 95 million euro increase in **other net liabilities** was mainly due to: (i) the increase in other non-current receivables (206 million euros) recognized against recharges of environmental expenses and (ii) the increase in other current receivables arising from the transfer of Versalis UK's past tax losses to Eni UK (36 million euros), receivables from other Eni group companies (25 million euros) and from third parties (8 million euros). These effects were partially offset by the increase in other payables to third parties for the purchase of emission trading rights (162 million euros) and to Eni group companies (8 million euros), receivables for patents and licenses (5 million euros) and advances to suppliers (4 million euros).

[3] Receivables recognized for the first time last financial year following an amendment to the tax consolidation agreement with Eni SpA

Statement of Comprehensive Income

(€ million)	2024	2023
PROFIT (LOSS) FOR THE PERIOD	**(771)**	**(1.288)**
Other items of comprehensive profit (loss)		
Valuation of defined benefit plan for employees		(2)
Foreign currency Translation differences	(2)	(1)
Reclassification of the fair-value reserve to the income statement		(1)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	**(773)**	**(1.292)**

Shareholders' equity

(€ million)	
Shareholders' equity at 31 December 2023	**(147)**
Total comprehensive loss	(773)
Shareholder payment	600
Changes in employee benefits	1
Sale of the R&D Novara business unit to Eni SpA	1
Exchange differences and other changes	2
Shareholders' equity at 31 December 2024	**(316)**

Shareholders' equity was negative by 316 million euros and decreased by 169 million euros compared to 2023 mainly due to the comprehensive loss for the year partially offset by the payment of 600 million euros by the shareholder Eni SpA.

Net Financial Debt

(€ million)	31.12.2024	31.12.2023	Change
Financial debt short-term	227	393	(166)
Financial debt medium long-term	2.452	2.197	255
Lease liabilities	62	60	2
Cash and cash equivalent	(159)	(184)	25
Financial asset made for non operating purposes	(1)	(9)	8
Net financial debt	**2.581**	**2.457**	**124**

The 124 million euro increase in **net financial debt** was essentially due to cash requirements from operating activities (725 million euros), partially offset by cash flow from capital (600 million euros). For further details, see the comment on the reclassified cash flow statement.

Reconciliation of net profit (loss) and shareholders' equity of Versalis SpA with the consolidated net profit (loss) and shareholders' equity

(€ million)	Net profit (loss) 2024	2023	Net equity 31.12.2024	31.12.2023
As recorded in annual financial statement of Versalis spa	**(637)**	**(1.170)**	**74**	**108**
Difference between the equity value of individual accounts of consolidated subsidiaries, with respect to the corresponding carrying amount in the statutory accounts of the parent company	(53)	(2)	(691)	(597)
Consolidation adjustments:				
- elimination of tax adjustments and compliance with accounting policies	(89)	(119)	435	485
- deferred taxation	11	8	(6)	(2)
- elimination of intercompany profits	(3)	(5)	(128)	(141)
As recorded in annual consolidated financial statement	**(771)**	**(1.288)**	**(316)**	**(147)**

RECLASSIFIED CASHFLOW STATEMENT[4]

In 2024, the **net cash flow from operating activities** was negative for 489 million euros. Disbursements for technical investments (210 million euros), investments in equity investments (51 million euros) and the change in receivables relating to investment activities (6 million euros), were only partially offset by the disposal of the share in Versalis Americas (18 million euros), the divestment of capitalized surplus emission rights (9 million euros) and of some tangible assets (4 million euros), which generated a negative free cash flow of 725 million euros, covered thanks to the financing lines guaranteed by the parent company Eni SpA and by the latter's payment of 600 million euros to partially cover losses related to previous years.

(€ million)	2024	2023	Change
Net profit (loss) for the period	**(771)**	**(1.288)**	**517**
Adjustments to reconcile net profit (loss) to net cash flow provided by operating activities:			
- depreciation, amortization and other non monetary items	294	550	(256)
- net gains on disposal of assets	(24)	(5)	(19)
- dividends, interests, taxes and other changes	(223)	(177)	(46)
Changes in working capital	87	293	(206)
Dividends received, taxes (paid) received,interest(paid) received	148	(65)	213
Net cash flow from operating activities	**(489)**	**(692)**	**203**
Technical investments	(210)	(187)	(23)
Investments and purchase of consolidated subsidiaries and businesses	(51)	(446)	395
Disposals	31	21	10
Financial investments	(6)		(6)
Other cash flow related to investing activities		8	(8)
Other cash flow related to divesting activities		5	(5)
Free cash flow	**(725)**	**(1.291)**	**566**
Change in short-term and long-term debt	94	316	(222)
Reimbursement of lease liabilities	(5)	(5)	
Change in financial receiveble made for non operating purposes	8	(8)	16
Exchange differences and other changes	2	(1)	3
Cash flow from capital and reserves	600	1.071	(471)
NET CASH FLOW	**(26)**	**82**	**(108)**
Free cash flow	**(725)**	**(1.291)**	**566**
Exchange differences on net borrowings and other changes	2	(3)	5
Reimbursement of lease liabilities	(5)	(5)	
Change in financial debts and credits on acquired companies		(211)	211
Change in financial debts and credits on divested companies	10		10
Changes in net financial debt included in cash flow from operating activities	(3)	(4)	1
Other changes in net financial debt	(1)	26	(27)
Cash flow from capital and reserves	600	1.071	(471)
CHANGE IN NET BORROWINGS ANTE IFRS16	**(122)**	**(417)**	**295**
Reimbursement of lease liabilities	5	5	
Increase/investments in lease liabilities and other changes	(7)	(46)	39
Changes in lease liabilities	**(2)**	**(41)**	**39**
CHANGE IN NET BORROWINGS POST IFRS16	**(124)**	**(458)**	**334**

[4] For the reconciliation of the reclassified financial statements used in the Management Report to the Statutory format, see section "Reconciliation of the reclassified financial statements used in the Management Report to the Statutory financial statement".

Reconciliation of the reclassified consolidated financial statements with the statutory financial statements

Items of the Reclassified Consolidated Balance Sheet (where not expressly indicated,the item derives directly from the consolidated financial statements (statutory format) (€ million)	Ref. to notes to the consolidated financial statements	31.12.2024 Partial amount from consolidated utory financial statem	31.12.2024 Amounts from reclassified financial statement	31.12.2023 Partial amount from consolidated utory financial statem	31.12.2023 Amounts from reclassified financial statement
Fixes Assets					
Property, plants and equipments	(see note 7)		548		578
Right of use	(see note 8)		29		26
Intangible assets	(see note 9)		780		839
Equity accounted investments	(see note 11)		112		76
and Other investmens	(see note 12)		3		3
Receivables & securities for operating activities, made up of:			1		1
- other non-current financial assets		1		1	
Net payables related to capital expenditures, made up of:			(30)		(36)
- payables related to capital expenditure	(see note 18)	(30)		(36)	
- receivabled related to asset divestment	(see note 18)				
Total Fixed Asset			**1.443**		**1.487**
Net working capital					
Inventories			1.121		1.119
Trade receivables			442		504
Trade payables			(661)		(731)
Tax receivables (payables) & provisions for tax, made up of:			334		290
- income tax payables	(see note 19)	(13)		(20)	
- other tax payables	(see note 20)	(16)		(22)	
- deferred tax liabilities	(see note 24)	(24)		(29)	
- other tax payables vs Joint ventures	(see note 20)				
- payables for Group VAT	(see note 18)	(11)		(7)	
- current tax asset	(see note 5)	6		10	
- other current tax asset	(see note 6)	35		28	
- deferred tax asset	(see note 14)	350		90	
- other NON current tax asset		1		3	
- receivables for tax consolidation		0		221	
- receivables for Group VAT	(see note 3)	6		16	
Provisions for risks and charges			(418)		(265)
Other assets (liabilities) ,made up of:			68		(27)
- other receivables	(see note 3)	164		99	
- other current asset	(see note 6)	11		9	
- other non current receivables and other assets	(see note 15)	216		9	
- advances,prepayments and other payables	(see note 18)	(288)		(118)	
- other current liabilities	(see note 20)	(26)		(16)	
- other non current payables and liabilities	(see note 25)	(9)		(10)	
Total Net working capital			**886**		**890**
Provisions for employee benefis			**(64)**		**(67)**
NET CAPITAL EMPLOYED			**2.265**		**2.310**
Shareholder's equity			**(316)**		**(147)**
Net borrowings					
Total debts, made up of:			2.679		2.590
- long term debt	(see note 21)	2.231		1.882	
- current portion of long term debts	(see note 21)	221		315	
- short term debt	(see note 16)	227		393	
Lease liabilities			62		60
- long term lease liabilities		56		56	
- current portion of long term lease liabilities		6		4	
a dedurre:			(160)		(193)
Cash and cashequivalent	(see note 1)	(159)		(184)	
Financial assets made for non operating purposes		(1)		(9)	
Total net financial debts			**2.581**		**2.457**
NET FINANCIAL DEBT AND SHAREHOLDERS'EQUITY			**2.265**		**2.310**

Reclassified cash flow statement

Items of the Reclassified Cash Flow Statement and confluence/reclassification of items in the statutory format (€ million)	2024 Partial amount from statutory format	2024 Amounts from reclassified format	2023 Partial amount from statutory format	2023 Amounts from reclassified format
Net profit (loss)		**(771)**		**(1.288)**
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
Depreciation and amortization and other non-monetary items		294		550
- depreciation and amortization	125		105	
- net impairment of tangible and intangible assets	163		405	
- eliminations				
- valuation effects under the equity method	12		43	
- currency translation differences from alignment	(3)		(2)	
- economic effects on securities and financial receivables			(4)	
- valuation of investment ameasured at fair value				
-expenses and income from remeasurement of lease liabilities			(1)	
- net change in provision for employee benefits	(3)		4	
Net gains on disposal of assets		(24)		(5)
Diidends, interests and taxes		(223)		(177)
- interest income	(5)		(3)	
- interest expense	75		57	
- income taxes	(293)		(231)	
Change in working capital		87		293
- inventories	(8)		171	
- trade receivables	64		90	
- trade payables	(69)		(103)	
- provisions for risks and charges	152		65	
- other assets and liabilities	(52)		70	
Dividends received, taxes paid, interest (paid) received during the period		148		(65)
- dividends received				
- interest received	5		3	
- interest paid	(71)		(52)	
- Income taxes received (paid) including tax credits recharged	214		(16)	
Net cash flow provided by operating activities		**(489)**		**(692)**
Capital expenditures		(210)		(187)
- tangible assets	(192)		(151)	
- intangible assets	(18)		(36)	
Investments and purchase of consolidated subsidiaries and businesses		(51)		(446)
- non consolidated investments	(52)		(46)	
- investments and purchase of consolidated subsidiaries and businesses	1		(400)	
Divestments and partial disposals of consolidated investments		31		21
- tangible assets	4		6	
- intangible assets	9		15	
-subsidiaries excluded from othe scope of consoildation and branch	18			
Other changes related to investment and divestment activity		(6)		13
- financing securities and receivables				
- financing investments: financing receivables				
- change in payables and receivables related to divestments			5	
- change in payables and receivables related to investments	(6)		8	
Free cash flow		**(725)**		**(1.291)**
Change in short and logn term debts		94		302
- non current financial debts	571		1.658	
- payments from long-term finance debts	(311)		(210)	
- payments from leasing debts			(5)	
-Change in short term finance debts	(166)		(1.132)	
Repayment of liabilities for leasing		(5)		
Change in financial asset mabe for non operating purposes		8		
- Financial assets made for non operating purposes-investment			(8)	
- Financial assets made for non operating purposes-divestiment	8			
- exchange differences from translation		2	(1)	
Cash flow from equity capital:		600		**1.071**
-net capital contribution (repayments) by/to third parties	600		**1.071**	
Net cash flow for the period		**(26)**		**82**

Financial review of Versalis SpA

PROFIT AND LOSS ACCOUNT

(€ million)	**2024**	2023	2022	Change
Net sales form operations	2.875	3.123	4.753	(248)
Other income and revenues	522	111	101	411
Operating expenses	(4.005)	(4.000)	(5.422)	(5)
Other operating (expense) income				
Depreciation, amortization and impairment	(174)	(360)	(361)	186
Operating profit (loss)	**(782)**	**(1.126)**	**(929)**	**344**
Net finance income (expense)	(51)	(44)	20	(7)
Net income (expense) from investments	(47)	(227)	122	180
Profit (loss) before income taxes	**(880)**	**(1.397)**	**(787)**	**517**
Income taxes	243	227	24	16
Net profit (loss)	**(637)**	**(1.170)**	**(763)**	**(533)**

Net loss

The financial statements of Versalis SpA closed with a net loss for the year of 637 million euros (loss of 1.170 million euros in 2023), determined by an operating loss of 782 million euros, net financial charges of 51 million euros, net expenses on equity investments of 47 million euros and gains from income tax of 243 million euros.

Operating result improved by 344 million euros mainly due to:

- Lower impact of the investment write-downs related to CGUs fully impaired in 2023 (156 million euros against 312 in the previous year);
- increase in **polyethylene** business profitability due to spread improvement. Such positive effect was partially offset by the reduction in production and in sales volumes due to weak demand in appliances and packaging sectors and increasing pressure of imported products.

These positive phenomena were partially absorbed by:

- decreased margins in the **intermediates** business penalized by the decrease in (i) cracking margin due to an increase in the price of Virgin Naphtha not offset by the simultaneous increase in average unit sales prices and in (ii) production due to scheduled plant shutdowns and accidents. These negative effects were partially offset by the increase in sale volumes;
- worsening of the **elastomer** business due to the decrease in sales volumes. These negative effects were only partially offset by the slight increase in reference spread.

Analysis of profit and loss account items

The reasons for the most significant changes in the Versalis SpA income statement items, unless expressly indicated below, are commented on in the Notes to the financial statements of Versalis SpA.

Net sales from operations

(€ million)	**2024**	2023	2022	Changes
Olefins	619	604	1.115	15
Aromatics	261	307	442	(46)
Derivatives	291	311	448	(20)
Oilfield chemicals	46	54	46	(8)
Elastomers	474	464	659	10
Styrenes	514	598	873	(84)
Polyethylene	559	650	939	(91)
Biochem	8	8	25	
Corporate & Services	103	127	206	(24)
	2.875	**3.123**	**4.753**	**(248)**

Net sales from operations reduced by 248 million euros mainly due to a decrease in average unit sales prices of polymers and intermediates and a reduction in volumes sold in oilfield chemical and polymers business. Such effects were partially offset by an increase in volumes sold in the intermediates business.

Other income and revenues

Other income and revenues increased by 411 million euros compared to 2023, mainly due to higher income (271 million euros) arising from the agreement with an Italian operator to share on an equal basis the environmental costs incurred at certain Italian sites, which were jointly managed in the late 1980s and early 1990s by the two partners and at which clean-up activities were subsequently conducted and charges incurred entirely by Versalis SpA. To such effects should be added: higher income from the sale of emission trading (116 million euros), higher recovery of costs from third parties and from Eni group companies (37 million euros), income from contractual penalties (8 million euros) and higher incentives received to produce renewable energy (5 million euros). Such effects were partially offset by lower income from licenses and royalties (23 million euros), lower income from the disposal of tangible assets (one million euros) and reduced insurance income (one million euros).

Operating expenses

(€ million)	**2024**	2023	2022	Change
Production costs – raw, ancillary & consumable materials and goods	2.008	2.276	3.074	(268)
Service costs	1.298	1.254	1.821	44
Operating leases and other	23	35	27	(12)
Net provisions for contingencies	192	50	136	142
Other expenses	174	61	50	113
Net depreciation (write-ups of value) of trade receivables and other receivables	7	(3)	1	10
Payroll and related costs	303	327	313	(24)
	4.005	**4.000**	**5.422**	**5**

Operating expenses increased by di 5 million euros, being mostly in line with those of 2023, as shown in the table above.

The 12 % decrease in **costs for purchase of raw materials, ancillary & consumables, materials, goods and change in inventories** was mainly due to the decrease in purchased quantities, an effect partially offset by the rise in the average unit price of virgin naphtha compared to 2023.
Costs for services increased by 4%, mainly due to the lack of the energy contribution and higher fixed charges related to steam supplies, which more than offset the decrease in utility prices. In addition, costs for consulting, maintenance, improvement and modifications, and transport and logistics increased**.**

Operating lease cost decreased by 34% mainly due to lower costs for use of licenses and intellectual property.

The increase of 142 million euros in **net provisions for risks and charges** was mainly due to higher net provisions for environmental risks and charges due to revised estimates (101 million euros) and to the provision for decommissioning at Ragusa site (40 million euros).

Other net miscellaneous expenses, increased by 113 million euros mainly due to higher charges incurred to purchase emission rights (100 million euros), additional expenses from past year (9 million euros) and increased charges for business relationships (3 million euros) and for contractual penalties (one million euros).

Labor costs

Labor costs decreased by 24 million euros mainly due to the lack of the charges related to "Contratto di espansione" and to extraordinary remuneration paid to employees in November 2023. In addition, there was also a reduction in the average work force.

Depreciation, amortization and impairment

(€ million)	**2024**	2023	2022	Change
Tangible assets	13	37	59	(24)
Depreciation of leasing right-of-use asset			2	
Inatngibles assets	5	3	3	2
Depreciation	18	40	64	(22)
Impairment (value recovery) net	156	297	149	(141)
	174	**337**	**213**	**(163)**

Depreciation of tangible assets decreased by 24 million euros compared to last year, mainly due to the effect of impairment test 2023 which had led to write-downs of assets in several CGUs.

Depreciation of intangible assets increased by 2 million euros compared to last year, mainly due to higher investments in patent rights and licences.

In 2024 the **impairments** mainly concerned the investments done during the year related to CGUs which were completely written down in 2023 (128 million euros).

The **impairment losses of tangible and intangible assets** (156 million euros) mainly referred to the following Cash Generating Units (CGUs): Intermediates (95 million euros), Elastomers (22 million euros), Styrenics (9 million euros) and the assets of Crescentino (2 million euros), Ragusa (20 million euros) and Porto Marghera (8 million euros).

For further details, please refer to the note "Net write-backs (impairment) of tangible and intangible assets and rights of use leased assets" of the Notes to the consolidated financial statements.

Net financial (expenses) income

(€ million)	**2024**	2023	2022	Change
Financial income (expenses) related to net borrowing	(53)	(43)	(17)	(10)
Financial income (expenses) from receivables and securities- operating activities		5	35	(5)
Financial income (expenses) on derivative contracts	1		1	1
Foreign exchange gains (losses)	1	(3)	2	4
Other financial income (expenses)	(5)	(5)	(3)	
Capitalized financial expenses	5	2	2	3
	(51)	**(44)**	**20**	**(7)**

Net financial charges of 51 million euros increased by 7 million euros mainly due to an increase in financial expenses related to net borrowing and the lack of the release of bad debt provision of the financial receivable from Matrìca compared to the previous year (5 million euros). Such effects were partially offset by higher exchange rate gains and increased capitalized financial expenses.

Derivative instruments lack the formal requirements to be classified as hedging based on IFRS 9 and therefore the relative changes in fair value are recognized in the income statement.

Net income (expense) from investments

(€ million)	**2024**	2023	2022	Change
Dividends	21	51	120	(30)
(Allocations to) Utilization of provisions for impairment of investments	(84)	(294)	79	210
(Allocations to) Utilization of provisions for financial assistence to JV sostegno finanziario JV		14	(22)	(14)
(Allocations to) Utilization of provisions to cover losses	12	2		10
Gains (losses) on disposal of investments	4			4
Other income (expense) from investiments			(2)	
Losses on investments			(53)	
	(47)	**(227)**	**122**	**180**

Net expense from investments of 47 million euros mainly referred to provisions for impairment losses, recorded to adjust the value of equity investments to their value in use, and were related to the subsidiaries Versalis France (44 million euros), Matrica (15 million euros) and Dunastyr (13 million euros). Such effects were partially offset by the dividends received by the subsidiaries Finproject (18 million euros) and Versalis International (3 million euros) and by the gain from the sale to the subsidiary Versalis Asia Pacific of the share held in Versalis Pacific Trading (4 million euros).

Income taxes

(€ million)	**2024**	2023	2022	Change
IRES				
Income from tax consolidation	(4)	(224)		220
Foreign taxes	1	1	(1)	
Previous years' taxes (tax consolidation)	(2)			(2)
Current taxes	***(5)***	***(223)***		***218***
Deferred taxes	(2)	(1)	(9)	(1)
Prepaid taxes	(236)	(3)	(14)	(233)
Net prepaid taxes	***(238)***	***(4)***	***(23)***	***(234)***
	(243)	**(227)**	**(23)**	**(16)**

The 16-million-euro improvement in income taxes compared to 2023 is mainly due to the reinstatement of deferred tax assets, previously written off, that will be recoverable under the National Tax Consolidation (NTC) regulations by offsetting the expected future taxable income of Versalis SpA's subsidiaries falling within the scope of the NTC. This effect was partially offset by the absence in 2024 of the income for the recognition of the tax loss used by the group in abatement of the overall taxable income of the national IRES tax consolidation, recognized instead in 2023.

RICLASSIFIED BALANCE SHEET[5]

(€ million)	**31.12.2024**	31.12.2023	Change
Fixed assets			
Property, plants and equipment	139	139	
Leasing Right of use			
Intangible assets	77	76	1
Investments	1.249	1.210	39
Receivables and securities held for operating purposes		1	(1)
Net payables related to capital expenditures	(29)	(34)	5
	1.436	1.392	44
Net working capital			
Inventories	778	750	28
Trade receivables	376	450	(74)
Trade payables	(490)	(545)	55
Tax receivables (payables) and deferred tax	264	261	3
Provision for contingencies	(381)	(223)	(158)
Other current asset (liabilities)	122	28	94
	669	721	(52)
Provision for employee benefits	(58)	(63)	5
NET CAPITAL EMPLOYED	**2.047**	**2.050**	**(3)**
Net equity	74	108	(34)
Net financial debt (surplus)	1.973	1.942	31
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	**2.047**	**2.050**	**(3)**

The reasons for the most significant changes in the Versalis SpA balance sheet items, unless expressly indicated below, are commented on in the Notes to the financial statements of Versalis SpA., to which reference should be made.

Fixed Asset

Property, plants and equipment, amounting to 139 million euros, are in line with the amount of the previous year mainly due to the outcome of the impairment test of the "*stay in business*" investments related to CGUs fully written down in 2023 for 154 million euros and to the depreciation for the year (13 million euros). which offset technical investments for the year (168 million euros).

Intangible assets, which amounted to 77 million euros, increased by one million euros mainly due to technical investments for the period (17 million euros) which were partially offset by the sale of capitalized emission rights (6 million euros), the receipt of a non-repayable grant from the European Union for the Hoop® project (6 million euros), the amortization for the period (5 million euros) and the outcome of impairment test 2024 (2 million euros).

Equity **investments** of 1.249 million euros increased by 39 million euros mainly due to: (i) the acquisition of the non-consolidated subsidiaries Tecnofilm (17 million euros), (ii) the capital increase in subsidiaries: Matrìca (15 million euros), Novamont (15 million euros), Dunastyr (13 million euros), Versalis Deutschland (12 million euros), Versalis UK (12 million euros), Versalis Asia Pacific (7 million euros), and in joint venture Lotte Versalis Elastomers (35 million euros). These positive effects were partially offset by: (i) allocations to

[5] Refer to the notes on the consolidated economic and financial results for the methodological illustration of the reclassified statements.

the provision for impairment of the equity investments held in the subsidiaries: Versalis France (44 million euros), Matrìca (15 million euros), Dunastyr (13 million euros) and Versalis UK (12 million euros) and by the sale of the share held in Versalis Pacific Trading (2 million euros) to the subsidiary Versalis Asia Pacific.

Net payables related to capital expenditures of 29 million euros decreased by 5 million euros mainly due to the decrease in work in progress at the end of the period.

Net working capital

The 28 million euro increase in **inventories** was attributable to the increase in weighted average cost of inventories. The rise mainly concerned finished products and raw materials. These amounts include net allocation to the provision for impairment losses on inventories, made to adjust the quantities in stock to the market value, and take into consideration also obsolescence, for 120 million euro (116 million euros in 2023).

The 74-million-euro reduction in **trade receivables** was essentially due to the decrease in turnover compared to the previous year, as a result of lower sales volumes.

Trade payables decreased by 55 million euros mainly as result of a reduction in payables to third-party suppliers and to Eni group companies due to a reduction in *utilities'* terms of payment.

The 3 -million-euro increase in **tax receivables and net tax provision** was mainly due to the rise in net deferred tax assets (239 million euros). Such effect was partially offset by a reduction in receivables from participation in the National Tax Consolidation (221 million euros) [6] for collection, an increase in net Group VAT payables (14 million euros) and a reduction in receivables from claim of reimbursement (one million euros).

The 158 million euro increase in **provisions for risks and charges** was mainly due to a 130-million-euro net increase in the provision for environmental risks and charges and 39 million euro increase in the provision for decommissioning the Ragusa polyethylene plant. These effects were partially offset by a 11-million-euro decrease in the provision for coverage of losses on equity investments.

The 94 million euro increase in **other net assets** was mainly due to the increase in other non-current receivables (204 million euros) recognized against recharges of environmental expenses and the rise in other current receivables from subsidiaries (21 million euros), from other Eni group companies (15 million euros) and from third parties (10 million euros). These effects were partially offset by the increase in sundry payables to third parties for the purchase of emission trading rights (138 million euros) and to Eni group companies (3 million euros), the reduction in advances (8 million euros) and in receivables for patents and licenses (5 million euros) and the rise in payables to subsidiaries for agency relationships (2 million euros).

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[6] Receivables recognized for the first time last year following an amendment to the tax consolidation agreement with Eni SpA

Shareholders' equity

(€ million)	
Shareholders' equity at 31 December 2023	**108**
Net loss	(637)
Shareholder payment	600
Business combination under common control reserve	2
Changes in employee benefits-IAS 19	1
Shareholders' equity at 31 December 2024	**74**

Shareholders' equity amounted to 74 million euros and decreased by 34 million euros mainly due to the loss for the year of 637 million euros, partially offset by the payment of 600 million euros to Versalis SpA by the shareholder Eni SpA.

The net loss of 637 million euros, against a fully paid-up share capital of 200 million euros, reserves of 511 million euros, meets the requirements of Article 2446 of the Civil Code.

Net Financial Debt

(€ million)	**31.12.2024**	31.12.2023	Change
Short term financial debt	387	635	(248)
Medium long term financial debt	1.604	1.413	191
Short term finance receivables	(13)	(93)	80
Medium-long term finance receivables	(5)	(13)	8
Cash and cash equivalent			
Net financial debt	**1.973**	**1.942**	**31**

The 31 million euro increase in **net financial debt** is essentially due to cash requirements from operating activities (negative for 331 million euros), cash requirements for technical (185 million euros) and financial (125 million euros) investments and the net change in receivables related to investing activities (negative for 4 million euros). These effects were offset by cash flow from capital (600 million euros) and by the disposals of: surplus emission rights capitalized in 2023 (6 million euros), some tangible assets (4 million euros) and the shares owned in Versalis Pacific Trading 6 million euros).

Financial receivables and securities held for operating activities of 18 million euros referred to the loans granted to the subsidiary Matrìca (18 million euros) and decreased by 88 million euros due to the refund, in 2024, of the loans granted to the subsidiary Finproject (80 million euros) and the instalments due on the Matrìca loan.

For further details, see the comment on the reclassified cash flow statement.

RECLASSIFIED CASHFLOW STATEMENT[7]

(€ million)	**2024**	2023	Change
Net profit (loss) for the period	**(637)**	**(1.170)**	**533**
Adjustments to reconcile net profit (loss) to net cash flow provided by operating activities:			
- depreciation, amortization and other non monetary items	241	639	(398)
- net gains on disposal of assets	(8)	(5)	(3)
- dividends, interests, taxes and other changes	(213)	(234)	21
Changes in working capital	106	211	(105)
Dividends received, taxes (paid) received,interest(paid) received	180	14	166
			0
Net cash flow from operating activities	**(331)**	**(545)**	**214**
Technical investments	(185)	(155)	(30)
Investments and purchase of consolidated subsidiaries and businesses	(125)	(537)	412
Disposals	16	16	0
Financial investments			0
Finacing receivable repayments			0
Other cash flow related to investing activities	(4)	26	(30)
Other cash flow related to divesting activities			0
Free cash flow	**(629)**	**(1.195)**	**566**
Change in short-term and long-term debt	(57)	100	(157)
Change in current and not current finance receivables	88		
Changes in net financial position included in Net cash flow from operati	(2)		
Reimbursement of lease liabilities			0
Cash flow from capital and reserves	600	1.071	(471)
NET CASH FLOW	**0**	**(24)**	**24**

Free cash flow	**(629)**	**(1.195)**	**566**
Exchange differences on net borrowings and other changes	(2)		(2)
Reimbursement of lease liabilities			0
Change in financial debts and credits on acquired companies			0
Cash flow from capital and reserves	600	1.071	(471)
CHANGE IN NET BORROWINGS	**(31)**	**(124)**	**93**

In 2024, the **net cash flow from operating activities** was negative for 331 million euros, down from the previous year, mainly due to improvement in operating result. Disbursements for technical investments (185 million euros), investments in shares (125 million euros), the change in receivables relating to investment activities (negative for 4 million euros),partially offset by the disposals (16 million euros),generated a negative free cash flow of 629 million euros, covered thanks to the financing lines guaranteed by the parent company Eni SpA and by the latter's payment of 600 million euros to partially cover losses related to previous years.

[7] For reconciliation to the mandatory format see "Reconciliation of the reclassified financial statements used in the Directors' Report with the statutory financial statements"

Reconciliation of the reclassified financial statements used in the Directors' Report with the statutory financial statements

Items of reclassified Balance sheet (where not expressly indicated , the item derives directly from the financial statement statutory format) (€ million)		31.12.2024 Partial amount from statutory format	31.12.2024 Amount from the reclassified financial	31.12.2023 Partial amount from statutory format	31.12.2023 Amount from the reclassified financial
Fixes Assets					
Property, plants and equipments			139		139
Intangible assets			77		76
Right of use					
Equity accounted investments		1.248	1.249	1.209	1.210
and Other investmens		1		1	
Receivables & securities for operating purpose:					1
Net payables related to capital expenditures, made up of:			(29)		(34)
- payables related to capital expenditure	(see note 18)	(29)		(34)	
- receivabled related to asset divestment					
Total Fixed Asset			**1.436**		**1.392**
Net working capital					
Inventories			778		750
Trade receivables			376		450
Trade payables			(490)		(545)
Tax receivables (payables) & provisions for tax, made up of:			264		261
- other tax payables vs Joint ventures					
- other tax payables	(see note 19)	(10)		(10)	
- payables for tax consolidation	(see note 3)				
- payables for Group VAT		(11)		(7)	
- receivables for tax consolidation	(see note 3)	3		224	
- current tax asset	(see note 5)				
- other current tax asset		3		4	
- deferred tax asset	(see note 14)	272		33	
- receivables for Group VAT	(see note 3)	6		16	
- non current receivables for refund requests		1		1	
Provisions for risk and charges			(381)		(223)
Other current asset (laibilities), made up of:			122		28
- other receivables	(see note 3)	126		93	
- other (current) asset	(see note 6)	1		3	
- other receivables and other asset(non current)	(see note 15)	215		8	
-down payments, advances and other payables	(see note 18)	(206)		(65)	
- other current liabilities	(see note 18)	(14)		(11)	
-other payables and other liabilities (non current)	(see note 19)				
Total Net working capital			**669**		**721**
Provisions for employee benefits			**(58)**		**(63)**
NET CAPITAL EMPLOYED			**2.047**		**2.050**
Shareholder's equity			**74**		**108**
Net borrowings					
Total debt,made up of:			1.991		2.048
- long-term debt	(see note 20)	1.604		1.413	
- current portion of long-term debt	(see note 20)	219		313	
- short-term debt	(see note 16)	168		322	
Lease liabilities					0
- long-term lease liabilities					
- current portiorn of long-term lease laibilities					
less:					0
Cash and cash equiivalent	(see note 1)				
Receivables & securities NOT for operating activities, made up of:			(18)		(106)
- other current financial assets		(13)		(93)	
- other non-current financial assets		(5)		(13)	
Total Net borrowings			**1.973**		**1.942**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			**2.047**		**2.050**

Reclassified cash-flow Statement

Items of the Reclassified Cash Flow Statement and confluence/reclassification of items in the statutory format (€ million)	**2024** Partial amount from statutory format	Amounts from reclassified format	2023 Partial amount from statutory format	Amounts from reclassified format
Net profit (loss)		**(637)**		**(1.170)**
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
Depreciation and amortization and other non-monetary items		241		639
- depreciation and amortization	18		40	
- net impairment of tangible and intangible assets	156		320	
- impairments (write-backs) of investments	73		278	
- currency translation differences from alignment	(2)			
- economic effects on securities and financial receivables			(4)	
- net change in provision for employee benefits	(4)		5	
Net gains on disposal of assets		(8)		(5)
Dividends, interest, income taxes and other charges		(213)		(234)
- dividends	(21)		(51)	
- interest income	(4)		(2)	
- interest expense	55		46	
- income taxes	(243)		(227)	
Variazione del capitale di esercizio		106		211
- inventories	(28)		142	
- trade receivables	77		67	
- trade payables	(55)		(56)	
- provisions for risks and charges	169		25	
- other asset liabilities	(57)		33	
Dividends received, taxes paid, interest (paid) received during the period		180		14
- dividends received	3		51	
- interest received	5		2	
- interest paid	(54)		(42)	
- Income taxes received (paid) including tax credits recharged	226		3	
Net cash flow provided by operating activities		**(331)**		**(545)**
Capital expenditures		(185)		(155)
- tangible assets	(168)		(136)	
- intangible assets	(17)		(19)	
Investments and purchase of consolidated subsidiaries and businesses		(125)		(537)
- equity investments	(126)		(537)	
- business branches	1			
Divestments and partial disposals of consolidated investments		16		16
- tangible assets	4		6	
- intangible assets	6		10	
- investments	6			
Other changes related to investment and divestment activity		(4)		26
- financing securities and receivables for operating purposes				
- change in payables and receivables related to investments	(4)		26	
Free cash flow		**(629)**		**(1.195)**
Change in short-term and long-term debt		(59)		100
- non current financial debts	404		1.200	
- payments from long-term finance debt	(309)		(209)	
- increase (decrease) in short-term finance debts	(154)		(891)	
Change in current and not current finanancial receivables		89		
-Finance receivables held for non operating purpose	89			
New leasing				
Repayment of leasing debts				
Cash flow from equity capital:		600		1.071
-net capital contribution (repayments) by/to third parties	600		1.071	
Net cash flow for the period		**1**		**(24)**

Risk factors and Uncertainties

The main business risks for Versalis, mitigated through management actions, can be categorized as market risk, country risk, operational risk, risks related to key counterparties and trade unions, and, from a longer-term perspective, climate change risk. Below is a description of these risks and their management approach. For a description of financial and legal risks, refer to the appropriate section of the consolidated financial statement notes.

Market risk

In 2024, the global chemical industry faces a series of challenges and opportunities that are profoundly shaping its evolution. This sector, essential to many production domains, is marked by complex dynamics that reflect global economic, political, and environmental conditions.

The chemical business is characterized by market dynamics defined by overcapacity and competitive pressure from producers with greater economies of scale or other cost advantages and broader geographical diversification. Since last year, the sector has returned to underperformance due to the commissioning of new capacity in the Middle East, increased petroleum feedstock costs, and a more cautious stance from distributors considering macroeconomic uncertainties, which led operators to reduce inventories and, consequently, demand.

In 2024, additional details on market operational risks include the energy crisis that continues to significantly impact the chemical sector, particularly in Europe. The uncertainty of the global economy, including the real estate crisis in China, can affect the demand for chemical products and market stability; economic fluctuations can directly impact company operations.

The rise in energy costs has reduced the competitiveness of European production, leading to a contraction in chemical output. The growing demand for eco-friendly chemical products requires companies to invest in research and development to create new sustainable products; this entails additional costs and the need to adapt quickly to remain competitive. This shift in demand may also pose added risks to the research and development of new products. Moreover, the closure of refineries and changes in raw material availability pose a risk to chemical companies, as the limited availability of raw materials can affect production and operating costs.

During the year, management implemented a strategic business transformation path aimed at reducing the portfolio weight of commodity segments characterized by weak fundamentals and exposure to hydrocarbon margin volatility, in favor of businesses in renewable and recycled-source chemistry. It also focused on increasing specialization in high value-added polymers, which offer greater stability and promising growth prospects.

The current phase is marked not only by demand factors, but also by supply conditions that determine highly diversified trends in major production areas. The chemical sector is undergoing profound changes: following the development of the global market and the rise of emerging countries, we are now witnessing the affirmation of sustainable development principles. However, these principles are being implemented very unevenly across countries, creating distortions in competition. The strong acceleration toward ecological transition will not lead to a decrease but rather an increase in global demand, increasingly driven by technological content.

The 2025–2028 Strategic Plan outlines challenging growth objectives in the production of specialized polymers, particularly the growth of specialty polymers for compounding. The development of the Bio-Chemistry business, especially biodegradable, compostable starch-based plastics, is heavily influenced by ongoing regulatory developments in the EU and their national implementations, as well as by market trends favoring (i) reusable bags and (ii) paper bags—two competing trends/materials, both experiencing strong growth. Additionally, other starch-based polyesters from low-cost competitors are present in the market, mainly from China, which has significant installed capacity, a domestic regulatory framework not aligned with the EU, and lacks the renewable content required for food and vending bags under EU regulations. This regulation envisions the gradual development of new facilities for treating the organic fraction of municipal solid waste, in accordance with the Waste Framework Directive, which will promote the growth of compostable waste bags. The sector is expanding in the USA and Mexico as well. In California, the ban on plastic bags went into effect in January 2025. Novamont is present in that market and is ready to seize the opportunity.

In the coffee capsule segment, according to the Packaging and Packaging Waste Regulation (PPWR), if a Member State opts for compostable capsules, traditional plastic capsules will be phased out, while aluminum ones will remain. However, the fact that the Regulation classifies capsules as packaging entails the payment of an environmental tax (EPR), which was not previously required. Referring to the CONAI system in Italy, the environmental fee will be significantly lower for the compostable solution, which benefits from a national recycling circuit and can fully leverage the coffee residue and capsule as humus for soil regeneration and biomethane production. In this way, Novamont already has all the technical options ready to supply the market. For mulching films in the EU, the fertilizer regulation encourages the use of biodegradable mulch films, and in the USA, there is increased focus on soil pollution and a push for biodegradable solutions in agricultural applications.

The polymers business line has a challenging growth strategy in the production and sale of circular products (from mechanical and chemical recycling). The feasibility of these targets depends on regulatory developments (e.g., delegated acts of the PPWCR regulation), the entry of new competitors into the market, the positioning of products relative to virgin polymers, and the industrial and commercial developments/partnerships undertaken by Versalis.

For the oilfield chemicals business, Versalis will leverage its ability to compete in the non-captive market, where reputation and credibility gained over time play a crucial role.

In a context where the European chemical outlook is expected to remain negative without strong signs of demand recovery, the Versalis Transformation Plan serves as a de-risking lever, helping to gradually reduce exposure to risks such as scenario risk and demand contraction. Over time, it will also reduce the operational risk of dependency on key commercial counterparties and the risk of unavailability of plants due to closures of complex and outdated facilities, as well as contribute to CO_2 emission reductions.

However, the Transformation Plan also entails some execution risks, such as: relationships with local stakeholders, union demonstrations and disputes, and permitting. Sector competitiveness is significantly influenced by the regulatory system and energy policy—areas in which the role of European institutions is increasingly critical.

Country risk

Country risk refers to the possibility that political developments, social unrest, economic crises, internal conflicts, revolutions, protests, strikes, and other forms of civil disorder may temporarily or permanently compromise Versalis' ability to operate economically in certain countries—especially considering that 43% of its revenues are generated in Italy and 79% within the European Union.

Geopolitical tensions between China and the United States, as well as instability in the Middle East, represent significant risks for the chemical industry. These tensions can impact transportation costs and oil and gas prices, thereby increasing operational costs for chemical companies. Additionally, protectionist measures adopted by some countries may limit access to international markets and intensify competitive pressures.

The growing demand for environmentally friendly chemical products and increasingly strict environmental regulations also pose a country risk. Chemical companies must invest in RCD to create new sustainable products, facing additional costs and the need to rapidly adapt to new market demands. This is particularly relevant in countries with advanced environmental regulations, such as EU Member States. Another key risk is linked to the availability of raw materials following refinery closures and variations in supply availability—especially in countries that already face resource constraints. The limited availability of such resources may affect production and increase operational costs, necessitating the search for alternative and more sustainable solutions.

Ethylene is the largest "building block" of the chemical industry, serving as the base for materials such as plastics, detergents, and paints. After the shale gas revolution, producing it in Europe (where the feedstock is virgin naphtha, a petroleum derivative) became more expensive than in both the Middle East and the United States. The cost gap has widened significantly following the conflict in Ukraine, which led to an escalation of gas and electricity prices in Europe.

Global economic uncertainty, including the real estate crisis in China, affects demand for chemical products and market stability more broadly. China in particular aims to raise the technological content of its production through industrial policy measures under its "Made in China 2025" strategy and has recently announced its goal of climate neutrality by 2060. Economic fluctuations complicate long-term business planning and hinder stable growth. This issue is especially relevant in developing countries, where economic conditions are more volatile.

International geopolitical tensions stemming from the prolonged Russian military aggression against Ukraine, as well as renewed hostilities between Israel and the Arab world—culminating in the Israeli army's invasion of Gaza—increase systemic risks significantly. The risk of prolonged conflicts, escalation of the Israeli-Palestinian conflict with the involvement of other Arab states, and the effects of international economic sanctions can impact global production activities, supply chains, and the confidence of consumers, companies, and investors. This may result in delays or freezes in spending and investment decisions, ultimately affecting demand for energy raw materials and lowering prices.

Despite these challenges, the chemical industry has continued to invest in innovation and digitalization. New technologies have improved the efficiency of production processes and enabled the development of more sustainable products. Digitalization has also facilitated supply chain management and reduced operating costs, creating new opportunities for chemical companies globally.

Regarding difficulties in sourcing raw materials for the Bio-Chemistry platform, the increased risk level compared to previous assessments is primarily due to growing difficulties in sourcing bio-feedstock at competitive prices for the Crescentino site, as well as HOSO oil for Matrìca, with prices rising compared to 2023–2024 levels. This highlights the need to accelerate ongoing mitigation processes (e.g., diversification of supply sources). Integration with third parties producing byproducts usable as feedstock for the Crescentino facility serves as a mitigation strategy for the anticipated risk.

Versalis, in agreement with Eni, has adopted the necessary measures to ensure its operations comply with applicable regulations, ensuring continuous monitoring of the evolving sanctions framework to adapt its activities accordingly.

Relations with local stakeholders

The risk of compromising relationships with local stakeholders is increasingly significant, especially in connection with the ongoing transformation process. In fact, following the announcement of the Transformation and Relaunch Plan, oversight of institutional channels, coordination of external communications, and stakeholder engagement at all operational sites has been strengthened—in close collaboration with the relevant Eni departments.

Managing relations with local stakeholders can involve several risks, particularly if not handled appropriately. One of the primary risks concerns a lack of trust from counterparts; unclear or insufficient communication can lead to misunderstandings and conflicts. Local stakeholders may have diverging interests that conflict with corporate goals. Local communities may also be reluctant to accept changes they perceive as threats—especially when environmental or social impacts are involved— leading to greater exposure to criticism, opposition, and legal disputes.

Versalis has implemented the necessary measures to mitigate these risks by adopting an active and transparent stakeholder engagement approach—listening to concerns and promoting greater collaboration with third parties in the pursuit of shared solutions.

Climate change risk

Climate change represents one of the most significant and complex risks that modern companies must face. As with the broader industrial sector, companies in the chemical industry are also expected to evaluate and manage the risks associated with climate change, an issue that is drawing increasing sensitivity from public opinion, the financial community, and governments around the world.

It poses a considerable challenge for the chemical sector, with a range of risks that can affect operations, regulatory compliance, and the long-term sustainability of businesses.

Extreme weather events—such as hurricanes, floods, and heatwaves—can damage chemical infrastructure, disrupt production, and lead to significant financial losses. Chemical companies must therefore invest in resilience measures to protect their facilities and ensure operational continuity.

The European Green Deal represents one of the European Union's most ambitious initiatives and a concrete step toward a more sustainable future. Announced by the European Commission in December 2019, this plan aims to transform Europe into the first climate-neutral continent by 2050. At its core is the transition to a sustainable economy. This not only involves reducing greenhouse gas emissions, but also promoting a circular economy—where waste becomes a resource and material consumption is minimized. One of its main goals is to accelerate the transition to renewable energy sources. Solar, wind, and hydroelectric power not only reduce carbon emissions, but also create new employment opportunities and reduce reliance on imported fossil fuels—crucial in a geopolitically unstable context, where energy security is vital. The transportation sector, a major source of greenhouse gas emissions, is expected to see substantial investments in sustainable mobility infrastructure, including public transportation and electric vehicles. Achieving these ambitious objectives requires significant investment. One-third of the investments under the NextGenerationEU recovery plan and the EU's seven-year budget will fund the Green Deal. This includes around €1.8 trillion to support the green transition and ensure sustainable growth. These funds will be used to support innovative projects, improve the energy efficiency of buildings, promote research and development of new technologies, and much more.

The EU's vision of a more sustainable world is not just a climate strategy, but a broader ambition for a more equitable and prosperous future. The ultimate goal is to create a development model that can be emulated by other regions. The path ahead is undoubtedly long and challenging, but with determination and cooperation, Europe can achieve its objectives and secure a better future.

Included among the regulatory tools are *carbon pricing* mechanisms, an economic strategy that assigns a cost to greenhouse gas emissions, making their environmental impact visible and tangible to companies. This can take the form of (i) a carbon tax, which imposes a fixed cost per ton of CO_2 emitted, or (ii) an emissions trading system (ETS), in which companies buy and sell emission allowances in a regulated market. The chemical sector is particularly sensitive to carbon pricing due to its high energy intensity and significant emissions. The Versalis Group must navigate various risks and opportunities linked to carbon pricing, such as increased operational costs. The introduction of a carbon price can significantly raise operational costs for chemical companies, as CO_2 emissions become an added cost that directly affects profitability and competitiveness. On the other hand, companies are incentivized to invest in cleaner technologies and more efficient production processes to reduce emissions and associated costs. Currently, about half of Versalis' direct GHG emissions fall under the European Emissions Trading Scheme (ETS), which requires companies to purchase emission allowances on the open market once they exceed the free quota allocations set by regulation. In 2022, the cost of purchasing emission allowances under the ETS increased significantly compared to the previous year, not only due to the industrial activity recovery but especially due to the approval of the European Climate Law, which enshrines the EU's commitment to climate neutrality by 2050, with a more ambitious intermediate target than before. The ETS is based on two core components: cap and trade. The "cap" sets the maximum allowed level of emissions, which is gradually reduced over time to encourage emission cuts. The "trade" component allows companies to buy and sell emission permits. This market mechanism creates a financial incentive to reduce emissions: if a company emits less than its allowance, it can sell the surplus for a profit. The advantages of ETS include greater flexibility in how and when to reduce emissions. Companies can choose whether to invest in cleaner technologies or buy allowances from others. Additionally, the system incentivizes reductions by allowing those who cut emissions to profit from selling excess permits.

The ETS has proven effective: for example, it helped reduce greenhouse gas emissions by 35% between 2005 and 2019.Despite its benefits, ETS also faces challenges. The price of emission permits can be volatile, making long-term planning difficult. Another issue concerns how allowances are allocated—if distributed for free, the incentive to reduce emissions weakens. Lastly, there's the issue of carbon leakage: companies may consider relocating production to countries with less stringent environmental regulations.

On November 30, 2021, the European Union marked a major milestone in the fight against plastic pollution by strengthening regulations on single-use plastics. These measures aim to significantly reduce the environmental impact of such products. Single-use plastics are among the primary sources of pollution. To address this, the EU has introduced various measures to limit their use.

Since July 3, 2021, the sale of certain single-use plastic products for which sustainable alternatives exist has been banned—including plates, cutlery, straws, cotton swabs, and beverage stirrers.

Additional measures were introduced to reduce the consumption of other single-use plastic items such as food and beverage containers made of expanded polystyrene and all oxo-degradable plastic products. The new regulations are designed to prevent the environmental impact—particularly on marine ecosystems and human health—of specific plastic products. Requirements include labeling obligations to inform consumers about plastic content and proper disposal methods, as well as waste management and clean-up duties, with producers held accountable for the collection and cleaning of plastic waste.

By 2025, 77% of plastic bottles must be separately collected, with a target of 90% by 2029. Regarding plastic packaging, the EU proposal sets minimum recycled content requirements for 2030 and 2040, which may present an opportunity for circular polymers. However, for Versalis to understand how recycling technologies and flows will contribute to achieving these targets, the definition of calculation and verification rules—expected via an implementing act by 2026—will be particularly important.

Compostable plastics are exempt from mandatory recycled content targets and are the subject of a specific article mandating their use for certain applications, such as coffee capsules, tea bags, and ultralight plastic bags. Their possible use is also proposed for lightweight plastic bags, provided that adequate separate collection of organic waste is ensured.

Current initiatives on circular economy remain in the early stages compared to industrial-scale production. Other projects are considered potentially viable in the post-plan period, supported in part by benefits from Italy's National Recovery and Resilience Plan (PNRR). As for foreseeable market trends related to the chemical industry transition, there are currently no factors expected to significantly compromise the financial results of the Group's Business Plan. In fact, there are no regulations that prohibit or significantly restrict Versalis' product portfolio. In this context, Versalis' decarbonization strategy is based on developing complementary products and solutions that work synergistically to meet its objectives. In this vision, circular economy, chemistry from renewable raw materials, renewable energy, and low- emission technologies represent the they generate incremental economic benefits, in line with Eni Group's internal governance standards.

Operation Risk and HS&E related risks

Versalis Group's activities inherently carry industrial and environmental risks and are subject, in most countries where the Group operates, to environmental protection and industrial safety regulations. For example, in Europe, Versalis owns and operates industrial plants with high accident risks, for which the Group has adopted behavioral norms and standards meeting the criteria of the EU's Seveso II Directive.

The Group's broad operational scope brings various risks such as explosions, fires, toxic gas emissions, leakage of hazardous substances, and production of non- biodegradable waste.

These events could damage or destroy facilities and pose threats to human health and the surrounding environment. Additionally, since industrial operations often take place in ecologically sensitive areas, each site requires a tailored approach to minimize impacts on local ecosystems, biodiversity, and human health.

Environmental regulations impose limits on emissions to air, water, and soil, and mandate proper management of waste and by-products. Rules aimed at preventing impacts on biodiversity, protecting species, habitats, and ecosystem services require increasingly rigorous compliance in terms of controls, monitoring, and preventive measures. The costs and obligations associated with compliance represent a significant expense in both the current and future fiscal years.

To mitigate these risks, Versalis has adopted the highest standards for assessing and managing industrial and environmental risks, aligning its practices with industry best practices. Over time, Versalis has obtained ISO 14001 and OHSAS 18001 (now ISO 45001) certifications. In developing and managing activities, business units not only comply with the legal and regulatory frameworks of the countries where they operate but also assess risks using specific procedures.

Environmental emergencies are handled by each business unit at the site level, with dedicated response plans tailored to each potential scenario. These plans outline the necessary actions and assign responsibilities to specific corporate roles.

Most Versalis products fall under the REACH regulation, which governs the registration and authorization of chemical substances—not only by the company but also by its suppliers—as a condition for manufacturing and market placement. Versalis complies fully with REACH and requires the same from its suppliers, starting from the prequalification phase.

An integrated approach to health, safety, and environment (HSE) issues is ensured through the application of an HSE Management System at all levels of the Business Units and Eni Group companies. This system is based on the Eni HSE Management System Model, which follows an annual cycle of planning, execution, control, review of results, and setting new objectives. It focuses on risk prevention, systematic monitoring, and performance control, with periodic internal and external audits of the HSE processes.

As of now, Versalis does not foresee any particularly significant adverse financial impacts from environmental compliance, given the interventions already carried out, existing insurance policies, and established risk provisions. However, it cannot completely rule out the possibility of incurring additional material costs or liabilities due to: (i) newly discovered contamination; (ii) results from ongoing or future site characterizations and the potential impact of Italian Legislative Decree 152/2006; (iii) potential effects of new environmental laws and regulations; (iv) emerging environmental remediation technologies; (v) litigation outcomes and difficulties in assessing responsibilities or compensation claims.

Cyber security

Cybersecurity refers to the technologies, practices, and policies used to prevent or mitigate the impact of cyberattacks. Its primary goal is to protect IT systems, applications, devices, data, financial assets, and people from threats like ransomware, malware, phishing, data theft, and other cyber threats.

Cybersecurity is critical, as successful attacks can disrupt, damage, or destroy businesses, communities, and lives. They may lead to identity theft, extortion, the loss of sensitive business data, service outages, customer loss, or even business closure.

Cyber threats include: (i*) malware*, malicious software designed to damage or disable systems; (ii) *phishing,* attempts to obtain sensitive information through deception; (iii) *ransomware*, malware that encrypts data and demands ransom; (iv) DDoS attacks - overloading systems to make them inaccessible

One of the biggest challenges for cybersecurity professionals is the constantly evolving threat landscape. New technologies offer significant advantages but also provide cybercriminals with opportunities to develop increasingly sophisticated attacks.

To effectively safeguard digital assets, companies must implement: i) firewalls and intrusion detection systems; (ii) continuous staff training on cybersecurity; (iii) updated antivirus and anti-malware software; (iv) regular data backups and (v) constant network monitoring to detect suspicious activity.

Cybersecurity is a fundamental component of enterprise risk management. Investing in robust cybersecurity not only protects corporate resources but also maintains customer trust and ensures business continuity.

Versalis, through Eni's specialized units, adopts a risk-based approach to define reactive and preventive security measures aimed at strengthening corporate proactivity and resilience to cybersecurity threats.

Business Outlook

In 2024, the critical nature of the European chemicals market was confirmed, marked by the contraction in demand for basic polymers due to the macroeconomic slowdown and the increase in imports from the US and the Middle East due to the lower competitiveness of European production in a context of oversupply. The Versalis group's difficulties remain mainly due to its exposure to basic chemicals. With the restructuring plan announced at the end of October 2024, two distinct phases are envisaged: a first period will be dedicated to the closure of the Brindisi and Priolo basic chemicals plants, a second phase dedicated to the reconversion of these sites through investments of two billion euros over the next five years.

The guidelines of the plan focus on three main platforms. The first is biochemistry, on which we have significantly strengthened our market position through the acquisition of 100% of Novamont; the second platform is the circular economy and the third is product specialisation.

At the same time as the consolidation of the three platforms, projects for the reconversion of sites hosting basic chemicals to other businesses of the Eni group will be pursued. For example, the design of a biorefinery to be built in the Priolo complex, partly exploiting the cracker infrastructure, and the study of a stationary storage battery production plant in Brindisi are being studied.

The biochemistry platform is undergoing strong development thanks to the contribution of Novamont, which recently launched the rapidly biodegradable plant protection product Ager-Bi on the Italian market, with developments also planned in the main African countries. Novamont's industrial and technological set-up will enable the development of important synergies with the Versalis biochemistry platform, for example in the field of bio-intermediates from renewable sources.

For mechanical recycling in Porto Marghera, plants will be started up in the coming months. For chemical recycling, in addition to the demonstration plant in Mantua with proprietary Hoop® technology, the first industrial-scale plant in Priolo is being studied, to be started up in time to meet the demand generated by the entry into force of the new EU regulations on the content of recycled material in packaging.

Portfolio specialisation will be achieved through investments in compounding, in continuity with what has already been achieved through the acquisitions of Finproject and Tecnofilm, and specialisation in polymers will be developed. The objective is to move towards sectors where customers need solutions to specific product or process requirements, where the added value lies in the ability to satisfy them and to bring innovation, also with a view to decarbonisation.

Other information

Transactions with related parties

The transactions with related parties carried out by Versalis SpA and the companies included in its consolidation area involve mainly the trading of goods, the performance of services, the provision/receipt of funding and the use of financial resources with the parent company Eni SpA and with companies directly or indirectly controlled by the latter, and with its own non-consolidated subsidiaries and associates, and with other State-owned or controlled companies. Under the provisions of applicable laws, the company has adopted internal procedures to ensure transparency and the substantial and procedural correctness of the related party transactions, carried out by the company itself or by its subsidiaries.

The amounts of the trade, financial and other transactions carried out with related parties and a description of the type of major transactions, as well as the impacts thereof on the equity, the economic results and the cash flows, are disclosed in the notes to the financial statements (consolidated and statutory accounts).

Treasury shares and shares in parent company

In compliance with the provisions of art. 40, paragraph 2, letter d) of Legislative Decree 127/91, we certify that Versalis SpA and its subsidiaries do not hold or have been authorized by the respective Shareholders' Meetings to purchase shares in Versalis SpA or Eni SpA.

Secondary offices

In compliance with the provisions of art. 2428 of the Italian Civil Code, we certify that Versalis SpA has no secondary offices.

Glossary

ABS (or Acrylonitrile Butadiene Styrene) is an amorphous polymer produced by emulsion or bulk polymerization of acrylonitrile and styrene in presence of polybutadiene. The most important properties are its impact resistance and its toughness.

Compounding is the activity specialized in the production of semi-finished products in granular form obtained from the combination of two or more chemical products.

CTP refers to the Party Technical Consultant, such as the professional hired by the parties to provide technical advice in court.

CTU refers to the court - appointed technical consultant nominated for civil trials.

Elastomers (or Rubber) are polymers, either natural or synthetic, which, unlike plastic materials, are capable of recovering their original shape after being stretched to great extents. Among synthetic elastomers, the most important are Low-Cis polybutadiene (LCBR), il polybutadiene (BR), styrene - butadiene rubber (SRB), ethylene propylene rubber (EPR), thermoplastic rubber (TPR) and nitrile rubbers (NBR).

EPDM is an Ethylene-Propylene Diene Monomer synthetic rubber produced by copolymerization of ethylene, Propylene and a third monomer represented by a diene, which is a compound containing two double bonds.

EPS or the Expanded Sintered Polystyrene (short for Expanded Sintered Polystyrene) is one of the most important use of polystyrene, and is an innovative, durable, versatile, lightweight, recyclable and safe material.

EVA stands for "EthyleneVinylAcetate– is a plastic produced by the combination of ethylene and vinyl acetate.

GPPS (or crystal polystyrene is totally transparent but delicate and is widely used for food packaging applications or display manufacturing.

HDPE (or High-Density Polyethylene) is a thermoplastic polymer belonging to the Polyolefin family. It is produced from the polymerization of ethylene and is one of the most processed and used polymers constituting the largest fraction of world polymer consumption.

LLDPE (or linear low-density polyethylene) n essentially linear low-density polyethylene-based polymer

Moulding is the activity of moulding expanded polyolefins to produce ultralight manufactures.

Oilfield chemicals offers innovative solution in the field of supply of chemicals products and related ancillary services for the Oil &Gas industry.

Olefins are a series of hydrocarbons with chemical reactivity and so used as raw materials in the synthesis of intermediates and polymers.

Plasmix is the term used to refer to mixed plastics that currently cannot be used in the recycling market and can be used as raw materials in Eni's new businesses focused on the circular economy.

SAN is abbreviation which stands for styrene-acrylonitrile or acrylonitrile-styrene copolymer.

TAF (or Groundwater Treatment) is the plant that assures the environmental recovery of groundwater by fitting into an integrated system of intercepting the aquifer, generally consisting of a series of barrier wells, and conveying the water to the 'treatment plant for its purification before reuse.

Commitment to sustainable development

Versalis' commitment to sustainable development is characterized by a growing responsibility aimed at minimizing risks and creating opportunities throughout the whole cycle of activities working on the enhancement of people, the protection of health and safety, the protection of the environment, initiative of circular economy, the respect for and promotion of human rights, focus on transparency and the fight against corruption. The ffollowing paragraph illustrates the main initiatives and technological innovation projects.

People

Eni's business model is based on internal skills, an asset in which Versalis continues to invest to ensure alignment with business needs, in line with its long-term strategy. The expected evolution of business activities, strategic directions and the challenges posed by technological changes and the labor market in general imply an important commitment to increase the value of human capital over time.

As of December 31, 2024, permanent employees in the companies included in the Group area were 7.389.

2022	Dipendenti a ruolo	2023	2024
4.587	Italy	5.173	**5.024**
2.578	Abroad	2.620	**2.365**
7.165		7.793	7.389

Deacrese of 404 employees compared to the situation as at 31 December 2023 was determined by the following causes:

increasing:

- 1.250 people were hired, of which 19% graduated (1.235 permanent contracts of which 11,3% with degrees and 15 with temporary contracts of which 4 degree);

in reduction:

- 1.646 people terminated their employment relationship for ordinary reasons (retirements, resignations and consensual terminations, expiry of fixed-term contracts);
- 8 transferred to other companies of the Eni group.

The breakdown by contractual status is as follows:

2022	Permanent employees	2023	**2024**
121	Executives	137	**127**
3.779	Middle managers and clerks	4.167	**4.044**
3.265	Factory workers	3.489	**3.218**
7.165		**7.793**	**7.389**

The distribution of the permanent workforce by age group is as follows:

age range	**Total**	**%**
< 30	974	13,2
30-39	1.562	21,1
40-49	2.079	28,1
50-59	2.179	29,5
> 60	595	8,1
	7.389	**100,0**

At December 31, 2023 there were 7.771 employees working in the companies included in the Group area.

Permanent employees	**2023**	**2024**
Executives	138	132
Middle managers and clerks	4.153	4.053
Factory workers	3.480	3.212
	7.771	**7.397**

The number of employees in service is obtained by subtracting the employees posted to other companies from the permanent employees and adding those posted by other companies.

There are 111 employees in Versalis SpA and its subsidiaries seconded to other Eni Group companies, other entities, or on leave, while 119 are seconded to Versalis SpA and its subsidiaries from other Eni Group companies.

Training

The training program in Italy and in foreign subsidiaries involved over 187,200 man-hours in 2024. This activity was guaranteed with the support of Eni Corporate University SpA, through the contribution of internal resources and external suppliers.

During 2024, the commitment, as teachers, of Versalis employees who are part of the Eni Faculty continued both with training initiatives managed by Eni Corporate University and with internal teaching activities.

The year 2024 was characterized by the following activities:

- considerable training and information commitment on environmental, health, safety and quality issues, for a total of over 103,200 hours;
- participation of employees in behavioral training courses, in order to enhance the soft skills of the Manager (including Lead the transformation for almost 8,400 hours)
- promotion of training programs in the field of Diversity & Inclusion aimed at increasing the level of inclusiveness of the work environment and employees (1,500 hours);
- training in the field of compliance both in Italy and abroad on the issues of the code of ethics, 231 and anti-corruption and training initiatives carried out in e-learning mode, in particular on the topics of Sustainability and Human Rights, with the aim of making known and operational the guidelines,

regulations and internal procedures that aim to comply with the laws in the conduct of Versalis' business (3,500 hours).

- "Protagonists of change" project dedicated to the laboratories of Ferrara, Mantua and Ravenna, which involved 30 people in a course of approximately 450 hours, with the aim of providing laboratory managers with tools for upskilling organizational and managerial skills in terms of proactivity, focus on results, time and collaborator management.

Sistemi di incentivazione e remunerazione

Incentive and remuneration systems

Versalis SpA, together with the merit policy linked to roles and responsibilities, has implemented a variable incentive system for executives and middle managers linked to performance assessments through the attribution of individual objectives consistent with the general objectives of the company. In 2024, the performance appraisal involved almost all managers and middle managers, identified on the basis of the assigned operational and managerial responsibilities. The incentive policy is linked to the achievement of results and to the level of contribution provided. Furthermore, the incentive system for the sales force operating in Europe was confirmed in 2024. There is also a long-term incentive system for managers with high responsibilities and impact on results, in line with Eni Group's practice and policies.

Security

Versalis' commitment to protecting the health of workers and the environment, as well as in prevention activities in order to guarantee safety in the workplace and protection from industrial risks of the local communities in which the company operates, are also explicit from the commitment of economic resources; the final data for 2023 are as follows:

- 254,5 million euros for expenses for the period (255 million euros in 2023);
- 24 million euros for capitalization investments, considering that the controlled entity, Finproject, has entered the consolidation perimeter (54,5 million euros in 2022).

The strong and constant commitment to safety and the environment continued, strengthening the contents of the "Safety Pact", which has become the "Safety and Environment Pact", a real contract signed between Versalis and third-party service contractors, which provides for concrete, measurable and constantly monitored improvement actions.

Versalis has been measuring accident results for some time by summarizing the events that occurred to its own personnel and to the personnel of third-party companies into specific indicators.

In 2024 the following results were obtained:

	2023	**2024**
Number of invalidating accidents	12	18
Frequency Index	0,59	0,94
Severity Index	0,012	0,037

In 2024, 18 accidents were recorded, of which 13 were involving employees and 5 were involving contractors. Compared to 2023, with the same consolidation perimeter (as in the five-year period 2018-2022), there was an increase in the number of accidents due to both behavioral factors and equipment, for which various risk containment actions were planned and partially implemented during the year (e.g. safety coaching, safety

tours, safety knowledge & coaching booster, as well as surveys on basic operations of some plants to measure awareness of the contents of the DVR).
It should be noted that, in the various months of the year, 40 out of 44 sites achieved the objective of "A year without employee accidents".
In 2024, as per the HSE five-year plan 2024-2028, the activities (renewal/maintenance) related to the certifications relating to the SA 8000, ISO 14001, ISO 45001 and EMAS standards were regularly carried out with positive results.
The prevention, protection and promotion actions for the health of workers and communities living near industrial sites are recognized as primary needs in Versalis policies and contribute significantly to the achievement of high sustainability performance.
The activities for the protection of workers' health are organized and structured in an "integrated management system" strongly oriented towards prevention, in which health checks are combined with the periodic measurement of risk factors, carried out both with environmental and/or personal survey campaigns and through simultaneous biomonitoring campaigns.
In particular, in the face of risks from exposure to chemical, carcinogenic and mutagenic agents, environmental measurements and exposure determinations through personal samplers are integrated with the monitoring of specific biological exposure indicators (where available) in order to verify the dose actually absorbed by the worker through all exposure routes.
Health promotion programs continued in 2024, such as flu vaccination and cardiovascular prevention campaigns, determination of PSA and tetanus antibodies, awareness campaigns on the risk of smoking and the adoption of correct lifestyles.
The internationalization process of Versalis, oriented to operate in foreign markets, has triggered new projects for the management of medical emergencies and healthcare, not only nationally but also internationally, developing specific healthcare protocols that take into account the “country” risk associated with travel, climate, any infectious diseases, and related vaccinations, defining specific information and training programs, and guaranteeing ordinary and emergency medical assistance, including any medical repatriations.
Particular attention was paid to the organization of multi-year stops, therefore specific plans were adopted that included initial screening and periodic checks, rules defined for each working moment (including breaks), areas for suitable coordination meetings, etc.
Finally, the effective collaboration of all Business Units has made it possible to make the emergency management homogeneous throughout Eni, both from a regulatory point of view and from that of behavioral rules.

Environmental responsibility

The continuous evolution of environmental regulations, both at national and international level, and their integration with health and safety issues, entail the need for continuous monitoring, active participation in trade associations and/or reference scientific bodies as well as continuous professional updating to facilitate actions relating to adjustments.

The total HSE expenditure 2024 was 310 million euros (309 million euros in 2023).

Environmental expenses amounted to 194 million euros (176 million euros in 2023), including soil and groundwater management activities.

Safety expenses amounted to 87 million euros (101 million euros in 2023), industrial hygiene, product safety and health activities amounted to 8 million euros (9 million euros in 2023), while the cost of the HSE structure amounted to 21 million euros.

With regard to the control of greenhouse gas emissions, the year 2024 ended with a provisional final figure of CO2 emissions, subject to emission trading, equal to 1.89 million tonnes of CO2, a reduction of approximately 2% compared to the 2023 final figure.

The 2024 results can be summarised as follows:

- free quotas assigned in 2024: 1.83 million tonnes of CO2;
- 2024 projected emissions: 1.89 million tonnes of CO2;
- deficit: 0.06 million tonnes of CO2.

Starting from 2021, the ETS system entered Phase IV with the consequent new processing of the releases of free quotas in relation to the results deriving from the collection of reference data 2014÷2018, from the definition of the reference benchmarks and from the periodic verification of the activity levels recorded by the plants starting from the year 2019. Following the revision of the ETS Directive, which took place in May 2023, and the modification of the release date of free quotas (June of the following year) and compliance activities (September of the following year), to date the process of assigning free quotas relating to the year 2024 for the Versalis sites has not been completed. Among the events characterizing 2024, from an emission point of view, it is worth mentioning the restart of the Dunkerque steam-cracking plant during 2023 with the increase in production levels in 2024 compared to 2023.

With regard to the remediation of soils and aquifers, both the characterization activities foreseen by the plans presented and approved, and the subsequent integrative activities, have been regularly completed.

At the sites of Brindisi, Gela, Ferrara, Mantua, Porto Marghera, Priolo, Ravenna and Sarroch, groundwater pumping systems are active.

As regards the authorization process for remediation, it is completed at the following sites: Brindisi, groundwater and soil, Gela, groundwater and soil, Porto Marghera, groundwater and soil, Priolo, groundwater and soil (limited to the soils of the areas south of Vallone della Neve and to the saturated soils of the "internal" D2 and D3 areas), Ferrara, groundwater and surface matrices (soils and impregnation water), Ravenna, groundwater and soil, Sarroch, groundwater (the process for soils is concluded, except for specific areas). For the Mantua site, remediation projects have been approved, limited to some specific areas and to the removal phase of the supernatant. For the Ragusa site, following approval of the risk analysis and conclusion of the subsequent monitoring prescribed by the service conference, the process is concluded.

Authorized interventions are underway or have been completed. Requests for variations to authorized projects have been submitted as needed.

With regard to the Porto Torres plant, the soil and groundwater situation is monitored and managed by Eni Rewind as Versalis operates under surface rights on the site.

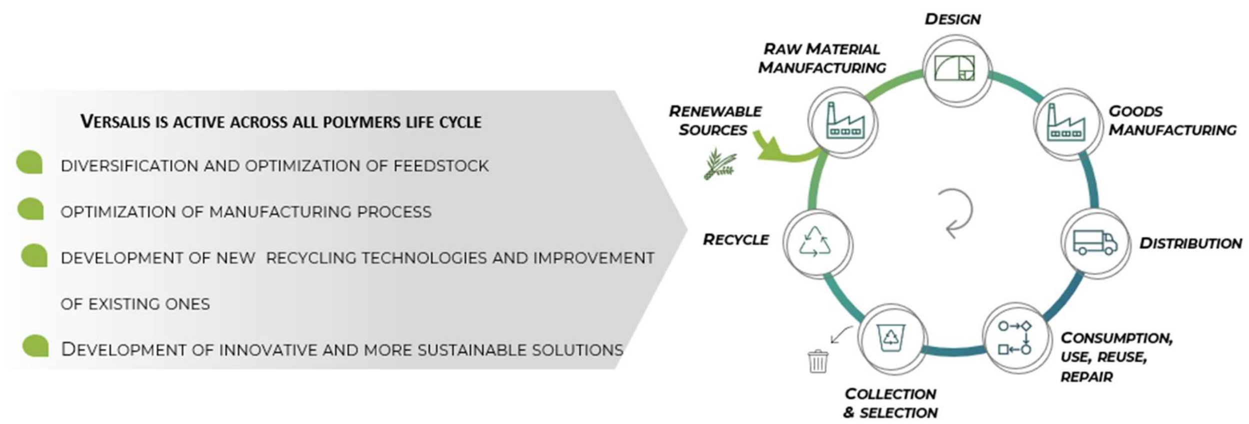
The authorization process for some areas of the Mantua and Priolo sites remains to be completed. At the end of the aforementioned investigations, the authorization framework for Versalis on a national scale will be complete, net of the approval of any variations to authorized projects.

Versalis has entrusted Eni Rewind, a center of expertise for remediation activities within Eni, with the remediation activities at the plants in: Brindisi, Ferrara, Gela, Mantua, Porto Marghera, Priolo, Ravenna and Sarroch.

Circular Economy

The transition path towards a circular economy is one of the main levers for Versalis to meet current environmental challenges, including of the one for carbon neutrality. In this respect, circularity also plays an essential role within the business transformation and revitalisation plan. This provides for the construction of new industrial plants needed to achieve decarbonisation targets through a more sustainable chemical.
Building on this approach, business and manufacturing processes are reappraised, introducing the use of alternatives to fossil feedstocks, reducing and fully using waste (manufacturing/production waste, scraps, emissions, discharges) by recycling or recovery. Furthermore, Versalis also supports the circular transition by means of takeovers, developing integrated technology platforms, and by forging partnerships with various actors all along the value chain and in the academia world, strengthening its commitment to diversify its portfolio.

VERSALIS-CIRCULAR VALUE CHAIN



Feedstock diversification

Versalis continues its commitment to seek new opportunities for feedstock diversification by using renewables sources, such as biomass, and secondary raw materials.

In this context, following the takeover of Novamont, a leading international player in the manufacture of biodegradable and compostable biobased plastics and development of biochemicals and bioproducts, the commitment to develop new solutions by expanding into other areas of application continues.

In addition, production of bioethanol obtained from lignocellulosic biomass continues at the ISCC EU-certified plant in Crescentino (Vercelli). The production process at Crescentino employs Proesa® proprietary technology for biomass conversion into sugars for subsequent fermentation to produce bioethanol.

Versalis has also confirmed ISCC PLUS certification at all Italian and European sites for monomers, intermediates, polymers and elastomers made from sustainable raw materials. The Versalis subsidiary Finproject has also renewed its ISCC PLUS certification at 3 Italian sites and others in Romania, Vietnam, India and Mexico.

ISCC PLUS is a voluntary certification scheme run by ISCC (International Sustainability & Carbon Certification) that allows Companies to manufacture sustainable products through the mass balance approach guaranteeing the sustainability requirements and the traceability of processes and products.

This certification enables Versalis to offer a range of products with sustainability characteristics and identical performance to the traditional ones, making them immediately usable by clients. The resulting range of products, called Balance®, is composed of lower carbon products made from bionaphtha or recycled oil, i.e. pyrolysis oil made through chemical recycling of mixed plastic wastes. Bionaphtha, obtained from vegetable oil or biobased waste such as used cooking oil or other types of organic waste, is supplied thanks to synergies within Eni (Porto Marghera and Gela biorefineries).

As a result of specific partnerships, during 2024, the number of applications for the Balance® product range has been increased. For example, Versalis established a partnership with Crocco (S.p.A. SB)[8] to produce film suitable for food-contact using Balance® CA (circular attributed)[9] with the aim of industrial production destined for the large-scale retail market. This makes it possible to create a film from recycled raw materials while guaranteeing at the same time the technical performance and conformity of the product suitable for food-contact applications.

Development of recycling technologies

Versalis is committed to developing complementary mechanical and chemical recycling technology for plastics and rubbers through in-house research and in partnership with associations, consortia and supply chain players.

As far as mechanical recycling technology is concerned, Versalis is taking up one of the circular economy's technological challenges: to give new life to plastic waste by recycling, obtaining innovative products for use in a variety of high-quality applications. In fact, in developing the Versalis Revive® range, the Company offers a product family with different polymer basis (styrenics, polyethylene and elastomers) containing mechanically-recycled plastic and rubber, thus also making a tangible contribution towards achieving European circularity targets. The Porto Marghera (Venice) plant is being converted following completion of the first recycling facility in 2024 with opening scheduled for early 2025. As a result of the conversion, it will be possible to avoid CO_2 emissions for more than 600,000 tonnes annually.

Based on the agreement with Forever Plast[10], that integrates the previous one with Ecoplastic[11], this new hub will enable further expansion of the Versalis Revive® product portfolio in high-value applications such as food packaging.

This ever-growing product family currently includes:

- Versalis Revive® PE: composed of low- and high-density polyethylene- compounds containing up to 100% of recycled plastic from urban and/or industrial post-consumer packaging. Its main applications are in agriculture and packaging.
- Versalis Revive® PS: in partnership with Forever Plast S.p.A., this range of products is obtained by recycling post-consumer plastic and includes up to 100%-recycled compact polystyrene grades and compounds (Plastica Seconda Vita (PSV or second life plastic) certified). Applications include thermal insulation, household goods and packaging, including food packaging.
- Versalis Revive® EPS: expandable polystyrene with up to 80% recycled content, (Plastica Seconda Vita (PSV or second life plastic) certified) from post-consumer polystyrene supplied by the Italian domestic

8 Leading high-tech player in the flexible packaging sector focused on achieving the most ambitious sustainability levels.

9 Products made from recycled oil (r-Oil), the pyrolysis oil obtained from chemical recycling of mixed plastic waste.

10 Forever Plast, Italian company and leading player in the European post-consumer plastic recycling sector.

11 Ecoplastic, Italian company belonging to the De Berg Group specialising in the recovery, recycling and conversion of styrenic polymers.

waste sorting, in collaboration with COREPLA. Its main applications are in construction industry as insulating material and in the protective packaging production.

- Versalis Revive® ESBR: SBR (Styrene-Butadiene Rubber) elastomers with up to 17% recycled content,produced from used tyres.
- Versalis Revive® DVC: Elastomers made from 100% recycled material thanks to the partnership with AGR, a Turin based company that owns a technology for the devulcanization of post-consumer elastomers.
- Versalis Revive® ABS: compact copolymers with 70% recycled content (Plastica Seconda Vita - PSV certified). The high purity level of the recycled ABS and use of specific Versalis virgin styrenic polymers create a compound with performance suitable for various applications.

Furthermore, in 2024 Versalis expanded the Revive family by introducing REFENCE™, an innovative range of polystyrene-based polymers containing recycled material, suitable for food contact and used in applications such as yogurt pots, fish and meat trays and other types of rigid and expanded packaging. The range has been produced with NEWER™ technology as a result of a co-development agreement with Forever Plast. NEWER™ enables decontamination of recycled polymers in compliance with Regulation (EU) 2022/1616 on recycled plastic materials and articles intended to come into food contact; the technology was issued with a NOL (No Objection Letter) from the US Food and Drug Administration (FDA)

Alongside advanced mechanical recycling, development activities of the new proprietary technology also continued with the construction and pre-commissioning/commissioning/start-up of the Hoop® demonstration plant at the Versalis facility in Mantova, with an input capacity of 6,000 tonnes/year.

Development of the project for chemical recycling of plastic with Hoop® technology is strategic to achieving full plastic circularity and Europe has also acknowledged its importance. It was, in fact, the only project to be awarded in the 'large-scale' category out of 239 projects submitted and 41 total winners of the Third Call for 2023 under the European Innovation Fund, a European fund dedicated to innovative low-carbon technologies.

Partnership with other value-chain players

A necessary condition for the development of business activities within the circular economy is the creation of synergetic partnerships with other value-chain players to develop a shared transition pathway. Working in synergy with the value chain and developing strategic partnerships is crucial to ensuring future sustainability of the business. Versalis works with a variety of partners including universities for research and development activities and customers and brand owners as regards processing and application. One example is the project that Versalis has implemented to develop circular solutions for the polyethylene industrial packaging used to ship its products.

omec
Organisation Méditerranéenne de l'Energie et du Climat

PCEP
POLYOLEFIN Circular Economy Platform

Styrenics Circular Solutions

The Company is also proceeding in its commitment and involvement into several circular-economy platforms and alliances. These include the Alliance to End Plastic Waste (AEPW) and Organisation Méditerranéenne de l'Energie et du Climat (OMEC) with the aim of promoting projects and implementing tangible solutions for a more sustainable management of plastic waste. In addition, Versalis participates in sector-specific platforms such as Styrenics Circular Solutions (SCS) and Polyolefin Circular Economy Platform (PCEP).

Sustainability in moulding and compounding processes

The Finproject group has identified the world of Sustainability as one of its strategic fundamentals, based on the criteria of the Circular Economy:

- XL EXTRALIGHT® - collaboration with Versalis for the development of new materials made with Balance, Lignin and Guayule products;
- GRS - (Global Recycled Standard), products made with the use of industrial production waste;
- ISCC Plus certified products through the use of bioattributed materials;
- COGEGUM - PSV (Second Life Plastic) certified products containing by -products from domestic production;
- POLIDIEMME – development of new Materials for E-MOBILITY containing raw materials from recycling.

The entire XL EXTRALIGHT® production cycle is designed and engineered to limit production waste, also using clean energy from proprietary photovoltaic systems.

Each component of XL EXTRALIGHT® products is analyzed and controlled according to the highest safety standards, leading to the formulation of materials completely free of harmful solvents and heavy metals. The market leadership of XL EXTRLIGHT® was finally recognized in 1997, with the UNI EN ISO 9001 accreditation, for the first time assigned in Europe to an industry in the sector.

In 2007 Finproject joined the Compound Group of the PVC information center with the "Green Compound" brand, for the Chemical Industry's Commitment in respecting and supporting Safety, Health and Environmental Sustainability policies.

Finproject industries pursue this commitment by certifying its sites since 2022 according to the EN ISO 14001 and UNI EN ISO 45001 for the health and safety in the workplace, which confirm the company's engagement to protect the environment and to increase the safety by implementing a continuous improvement system for corporate sustainability.

In addition, the company is committed to the implementation of compound formulation projects with recovery and reuse of its own production waste with internally designed machines, the introduction of and compliance with strict prevention rules to ensure product and workplace safety, and constant research work on formulations and production processes.

In September 2024, Finproject obtained the VinylPlus® Supplier Certificate, a recognition for the performance achieved in terms of sustainable development for companies belonging to the PVC industry supply chain.

The VinylPlus challenges launched for more than 20 years, are based on multi-stakeholder dialogues: industry, NGOs, legislative advocacy at European level, representatives of civil society and PVC users.

The association has activated the new VinylPlus2030 program in which it promotes the new commitment to address the global challenges and priorities for the sustainability of the most widely used polymer in the world.

In the VinylPlus2030 program, three “Paths” have been identified: increasing the circularity of the PVC supply chain, progressing towards carbon neutrality and minimizing the environmental footprint, building global alliances and partnerships for the SDGs..

Suppliers

Versalis adopts supplier qualification and selection criteria to assess the ability to meet company standards in terms of ethical reliability, health, safety, environmental protection and human rights. Versalis achieves this commitment by promoting its values among suppliers and involving them in the risk prevention process. To this end, as part of its Procurement process, Versalis with the contribution of Eni's specialized structures: (i) submits all suppliers to qualification and due diligence processes to verify their professionalism, technical capacity, ethical, economic and financial reliability and to minimize the risks inherent in dealing with third parties; (ii) requires all suppliers to formally undertake to comply with the principles of its Code of Ethics (such as the protection and promotion of human rights, compliance with safe working standards, environmental protection, the fight against corruption, compliance with laws and regulations , ethical integrity and correctness in relationships, compliance with antitrust and fair competition rules); (iii) monitors compliance with these commitments, to ensure that Versalis suppliers maintain the qualification requirements over time; (iv) if critical issues arise, it requires the implementation of actions to improve their operating models or if they do not meet the minimum standards of acceptability, it limits or inhibits the invitation to tender.

Technological innovation

During 2024, research and technological innovation activities, involving approximately 340 employees, were aimed to improve the processes and products of the existing business and developing proprietary technologies, in continuity with previous years. In addition to decarbonisation, a growing commitment to sustainable and circular chemistry was also confirmed as a highly strategic element of the Company. Thanks to the integration with the subsidiaries Finproject and Tecnofilm, research and innovation activities in the field of new compounds and related production technologies have been further expanded.
Among the most interesting results, the following is highlighted.

Biochemistry

Versalis continues to have an unwavering commitment to the development of chemistry from renewable sources, which is one of the key directions as part of a project to transition to a sustainable, low-carbon model.
In 2024 R&D activities continued aiming at improving the proprietary industrial technology used for the conversion of no food-biomass into second-generation sugars used in bioethanol production. In particular, alternative residual raw materials were validated at industrial scale including high starch content biomasses.
During 2024, Versalis has continued the development of the new technology for the extraction and purification of the new bioplastics from renewable sources produced via biochemical fermentation by realization of multiple production runs at pilot scale.
In the last quarter of 2022, second-generation ethanol enzyme production technology was acquired from DSM-a global company focused on the health, nutrition and bioscience sectors. In 2023, Versalis has completed the technology transfer of such technology from DSM executing some experimental trials at pilot scale in order to validate the enzyme production and their usage in the hydrolysis step of lignocellulosic biomasses with the proprietary technology.
During 2024, activities related to the valorization of lignin, a co-product in the bioethanol production process, continued in various application areas, particularly for composite materials and for modified bitumen in cooperation with Eni and ASPI.
The development activities of pelargonic acid-based plant protection products, an active ingredient produced at the Porto Torres plant, continued in 2024 with the aim of extending their use to new countries and new areas of application. Part of these innovation and development activities were included within the NATURAL POWER LIFE awarded to Versalis in 2023, in support of strategic projects relating to nature, environment and

climate as a contribution to the implementation of the European Green Deal, including, among others, reaching net zero by 2050, the action plan for the circular economy and the energy transition. The acquisition of control of Novamont strengthens its commitment to researching new green chemistry products and solutions.

As regards the Novamont group, in 2024 the patent portfolio is strengthened by filing and/or extending numerous new patent applications at international level for:

- New biodegradable polymer compositions with improved mechanical and barrier properties for applications with high development potential,
- New single and multilayer films for the food packaging sector,
- New printed and/or thermoformed articles for high added value applications,
- New polyesters suitable for foam formation,
- Innovations aimed at improving biotechnological processes for the production of monomers from vegetable oils,
- Innovative uses of agricultural biomass in added value applications,
- New processes for the recovery and valorization of biomass from agricultural and industrial by-products,
- Innovations in the reuse of by-products from biotechnological production and their transformation into added value products,
- Process innovations for the production of polyesters with optimized performance for applications in high added value sectors,
- New processes for the reuse in polymerization of post-consumer bioplastics,
- New Applications for Biochemicals produced by Novamont biorefineries.

In 2024, Novamont continued its work to optimize Mater-Bi grades, obtaining products with better cost positioning, improved performance in terms of chemical-physical properties and compostability in the home environment, improved processability in customer transformation processes.

New botanical sources and/or waste products from agricultural and/or industrial supply chains were also validated for raw materials of renewable origin to optimize the flexibility and resilience of production chains

The following activities continued:

- development of new grades of Mater-Bi with a high renewable content;
- development of new grades of Mater-Bi to be coupled with paper and transparent;
- optimization and implementation of the technology aimed at improving the traceability of production chains based on blockchain and supported by Artificial Intelligence;
- development in the sector of expanded products for footwear which has extended to the design and evaluation of products suitable for the different technologies in use in the sector also thanks to the start of the collaboration with Finproject, a company of the Versalis group;
- validation of some grades of Mater-Bi in aqueous dispersion as additives in formulations for applications in sectors with high added value in collaboration with a leading partner in the sector;
- development of co-products of the monomer process in various sectors such as cosmetics and personal care products, biocides, plasticizers, agropharmaceuticals, lubricants.

In particular, in the agricultural products sector, the registration of the Ager-Bi herbicide formulation based on Pelargonic Acid was obtained in Italy and Portugal. Efficacy studies have been finalized for the extension of use to other crops that will be requested in 2025, while scouting activities have been started on a series of new applications of agricultural interest.

In 2024, following the acquisition of Novamont by Versalis, a joint project was launched, with initial promising results, between the Novamont Research Units of Novara, Piana di Monte Verna and Bottrighe, the Versalis

Research Unit of Rivalta Scrivia, the respective Engineering functions and the Crescentino plant with the aim of adapting and developing in the aforementioned plant a proprietary Novamont technology aimed at enhancing the various components of a biomass obtainable from an innovative processing of a by-product of the agri-food industry developed by a leading European partner in the sector.

In 2024, activities continued to optimize the selective oxidation processes of substrates of interest to Novamont, both by fermentation and by chemical means.

In particular:

- the development activity of the production process of an acid monomer (FDCA) for the production of polyesters continued, validating on a laboratory scale and patenting a series of innovations aimed at reducing the operating costs of the future industrial plant;
- the activities for the scale up to the industrial phase of the production process of an innovative acid monomer for the production of new polyesters were intensified. Starting from June, these activities are an integral part of the Terrific Flagship Project, co-financed by CBE-JU (Circular Biobased Europe Joint Undertaking);
- the development activities of the oxidative splitting process of vegetable oils continued, in collaboration with Matrìca and Versalis, with particular emphasis on the evaluation of new catalysts.

Patrica production plant has continuously optimised the production process on a continuous plant of new types of biodegradable polyesters.

It has also identified strategies for optimising the process yields of Mater Bi grades, including during the start-up and shutdown phases of the plants.

The Terni production plant has validated the mechanical recyclability of waste from industrial manufacturing processes generated by partners using Novamont bioplastics. It has also supported Research and Development by carrying out numerous scale-up tests for the production of new polyesters and new grades of bioplastics.

In 2024, the Bottrighe plant carried out research and development activities aimed primarily at improving the production processes of diols and analytical methods for their characterisation and to support the scouting and validation of alternative or complementary feedstocks to glucose syrup.

Pilot-scale development tests of new processes for the reuse of by-products of biotechnological production and their transformation into value-added products also continued.

Activities continued in the sector of integrated biorefineries, a topic of strategic interest for the Company, and in particular the coordination and accreditation work continued with regional, national and community institutions, stakeholders in the sector of the SPRING Green Chemistry Cluster, Biobased Industry Consortium (BIC), Circular Biobased Industries Joint Undertaking (CBE).

Polyethylene

For the purpose to continuing the specialization of the portfolio and supporting the transformation of the business through decarbonization and sustainability, during 2024 the research activity in the field of polyethylene focused on two fundamental strategic lines. One refers to the reduction of the environmental impacts of products and processes, and the other to the expansion of the portfolio of LDPE grades for pharmaceutical applications.

In the context of reducing the environmental impacts of products a LLDPE grade containing a PFAS-free polymer processing aid was developed on a laboratory scale and relevant first industrial trial has been carried out.

The consolidation of Versalis Revive® PE grades, i.e. products containing secondary raw material from mechanical recycling, continued in 2024 and Versalis Revive® PE materials has been successfully used in recycled materials for other particularly critical applications, finally achieving the desired performances, not previously allowed. A significant example is the production of a grade for low voltage cable insulation. A Revive® PE grade for stretch-film application was also produced in the test phase.
During 2024 Pharmalene grades, the new LDPE grades produced in 2023 and specifically designed for the pharmaceutical industry market, were tested at customers to consolidate their industrial application.

| Elastomers

In 2024, the elastomer research activity focused mainly on the development and industrialization of new grades with greater sustainability, in particular for 'sustainable mobility' and specialty products.
The main lines were: the expansion of the tyre portfolio with high-performance grades, the development of high-fluidity thermoplastic rubbers for the medical compound sector and a new grade with high thermo-chemical stability for the road paving sector, the development of new technological solutions to strengthen the offer of sustainable products.
As part of the tyre portfolio, new high-performance grades have been developed in terms of reducing energy dissipation (the so-called functionalised grades) in different rubber families. New polymers have also been developed with the aim of improving the tyre's ageing and wear stability in order to extend its useful life.
These new grades make it possible to reduce the carbon footprint of tyres throughout their entire life cycle, allowing a reduction in fuel consumption and decreasing energy consumption in the preparation phases of the compounds.
As part of the thermoplastic rubber portfolio, new prototypes of SEBS grades characterized by high fluidity have been produced on a pilot scale mainly intended for the hygienic-sanitary compound market, for the fabrication of products with low or no oil content and PVC free (therefore phthalate-free). A new Styrene-Butadiene block copolymer has also been developed on an industrial scale for the modified bitumen sector, characterized by greater stability to aging, making the road pavement more durable and safer.
As part of the advanced mechanical recycling of elastomer products at the end of their life, a new REVIVE eSBR grade has been produced, consisting of an SBR and MPS rubber derived from End-of-Life Tyres, with improved performance compared to the Revive eSBR grades produced so far.

| Basic Chemistry

As part of the specialization of its technologies, the optimization of the proprietary technology for the production of IPAs (isopropyl alcohol) by hydrogenation of acetone continued. In 2024, activities focused on the hydrogenation catalyst alternative to the benchmark with the aim of verifying its performance in the presence of possible pollutants and will continue in 2025 with the study of increasing concentrations of water in the acetone feed.
Regarding the development of phenol production cycle technologies, the 2024 activities focused on heterogeneous catalysts to be applied in hydrogenation sections (both phenol and alpha-methylstyrene) through the development of proprietary catalysts and related tests on micropilot plants. The development of a proprietary phenol hydrogenation catalyst oriented to the formation of cyclohexanone alone is of particular interest for the production chain of the caprolactam.
Regarding the development of the cumene process, laboratory studies continued in 2024 for the development of new zeolite catalysts for the alkylation reaction optimization.

As part of the development of new intermediates, industrial runs were successfully conducted for the production of mixtures of hydrogenated phenol products concentrated in cyclohexanol: this product was successfully tested on the market.

| Specialty Oilfield Chemicals

In 2024, research activity in the oilfield chemicals focused on the development of new products applied in the sector of paraffin and asphaltene control in addition to corrosion inhibitors in gas production.

New products were introduced in the application area of emulsion treatment in geographical areas never reached before, such as Alaska, where particular attention was paid to the environmental impact of the aforementioned additives, improving their biodegradability and toxicity parameters.

In the Well Stimulation area, additives were introduced that further expand the Versalis portfolio of Specialty Oilfield Chemicals, particularly in applications with a high impact on crude oil production, such as the control of "connate water", thanks to new types of products for "water shutoff".

Initiatives aimed at increasing the sustainability of the sector have led to the study and development of corrosion inhibitors and dispersants of bio/renewable origin, with high biodegradability and low ecotoxicity characteristics, in order to further expand their use in geographical sites with increasing attention to the environment.

Further consolidation of know-how in the drag reducer sector.

| Moulding e Compounding

The activities carried out in 2024 were aimed at the study and development of new compounds and related production technologies.

Among the most interesting results we can highlight:

· the development of compounds with a content of raw materials from renewable sources to guarantee a bio-based percentage of the material

· the development of the compounds used for moulding with two-colour technology, which is increasingly in demand for the footwear market

· the development of new color shades has been made more efficient to meet the timing required by the main brands operating in the footwear sector

· We proceeded with the industrialization phase of two XLPO grades containing 50% of post-consumer secondary raw material for the insulation of charging cables for electric cars.

· As part of the expansion of the halogen-free crosslinkable and flame-retardant product portfolio, a new compound for high temperature rating cables in automotive, has been brought to the industrial sector.

· The industrial consolidation of a grade for fiber optic (FO) cable insulation, for high extrusion speeds and resistant to water-blocking fluids, has also begun.

· With the support of Versalis research centers, the functionality of specific compounds has been optimized in order to attack new application markets

| Sustainability and transition of the chemical industry

With a view to creating value for stakeholders, Versalis' commitment to sustainable and circular chemistry was confirmed.

In particular, with regard to the Hoop® Project (advanced chemical recycling of mixed non-mechanically recycled plastics), in 2024 the analysis of supply chains for the recovery of non-mechanically recycled plastic waste was further expanded, deepening the influence of variables on the yield of the oil conversion process. The development of the new proprietary technology also continued with the construction and start of activities related to the precommissioning/commissioning/start-up of the Hoop® demonstration plant at the Versalis industrial site in Mantua, with a nominal capacity of 6000 tons/year.

The process design for the first industrial implementation of the HOOP technology was developed.

CCU project: in 2024, the multiple lines of research continued with the aim of developing new technologies capable of using CO2 as a raw material for the production of chemicals used in the chemical sector. In particular, the various initiatives, also carried out in partnership with university research institutes through the activation of doctorates also in the PNRR area, are aimed at creating a panel of technological platforms that will allow, together with others, to consolidate the path of decarbonization of industrial processes. The technologies under study exploit both thermochemical and electrochemical conversion principles.

As regards the development of the new mechanical recycling hub in Porto Marghera, in 2024 the engineering and adaptation works of the site continued regarding Phase 1 for the advanced mechanical recycling hub, scheduled for start-up in 2025.

Sustainable compounds: polythene and styrene-based compounds containing ELTs have been developed at pilot level, with the dual purpose of reducing the carbon footprint and increasing the mechanical properties of the polymer base. Also at pilot level, prototypes of Revive PS RK with recycled content from the R.A.E.E. sector were also produced with Glow Wire fire resistance properties for the electrical-electronic sector. Revive ABS grades with recycled content from the automotive sector have been industrialized.

New sustainable materials: in 2024, research activities were launched aimed at developing high-performance polymer resins with the possibility of being recycled and reused at the end of their life. These new families of materials could be used in the composites sector in the future, for example for the lightening of vehicles, overcoming the current problem of end-of-use.

Consolidated financial statements 2024

Balance sheet

(€ million)	Note	December 31, 2024 Total	December 31, 2024 *of which with related parties*	December 31, 2023 Total	December 31, 2023 *of which with related parties*
Assets					
Current assets					
Cash and cash equivalents	(1)	159	*54*	184	*91*
Other current financial assets	(2)	1		9	
Trade and other receivables	(3)	612	*189*	840	*359*
Inventories	(4)	1.121		1.119	
Income tax receivables	(5)	6		10	
Other current assets	(6)	46	*3*	37	*2*
		1.945		**2.199**	
Non-current assets					
Property, plant and equipment	(7)	548		578	
Right of use asset	(8)	29		26	
Intangible assets	(9)	780		839	
Equity-accounted investments	(11)	112		76	
Other investments	(12)	3		3	
Other non-current financial assets	(13)	1		1	*1*
Deferred tax assets	(14)	350		90	
Other non-current assets	(15)	217		12	
		2.040		**1.625**	
TOTAL ASSETS		**3.985**		**3.824**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term debt	(16)	227	*219*	393	*321*
Current portion of long-term debt	(17)	221	*216*	315	*314*
Short-term lease liabilities	(8)	6		4	
Trade and other payables	(18)	983	*357*	887	*327*
Income tax payables	(19)	13		20	
Other current liabilities	(20)	49	*2*	43	*3*
		1.499		**1.662**	
Non-current liabilities					
Long-term debt	(21)	2.231	*2.220*	1.882	*1.870*
Long-term lease liabilities	(8)	56		56	
Provisions for contingencies	(22)	418		265	
Provisions for employee benefits	(23)	64		67	
Deferred tax liabilities	(14)	24		29	
Other non-current liabilities	(25)	9		10	
		2.802		**2.309**	
TOTAL LIABILITIES		**4.301**		**3.971**	
SHAREHOLDERS' EQUITY	(26)				
Share capital (a)		200		300	
Legal reserve					
Other reserves		(217)		(156)	
Retained earnings (losses)		472		997	
Net profit (loss)		(771)		(1.288)	
TOTAL SHAREHOLDERS' EQUITY		**(316)**		**(147)**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3.985**		**3.824**	

(a) Fully paid-up share capital of 200.000.000 €, consisting of 200.000.000 no-par value shares.

Income statement

(€ million)	Note	2024 Total	2024 of which with related parties	2023 Total	2023 of which with related parties
REVENUES	(28)				
Net sales from operations		4.257	*372*	4.236	*362*
Other income and revenues		546	*249*	152	*92*
Total revenues		**4.803**		**4.388**	
OPERATING EXPENSES	(29)				
Purchases, services and other		(5.016)	*(1.839)*	(4.794)	*(1.712)*
Net (impairment losses) reversals of trade and other receivables		(8)		5	
Payroll and related costs		(496)		(493)	
OTHER OPERATING (EXPENSE) INCOME	(30)				
DEPRECIATION, AMORTIZATION AND IMPAIRMENT	(31)	**(288)**		**(510)**	
DISPOSAL OF ASSETS					
OPERATING INCOME (LOSS)		**(1.005)**		**(1.404)**	
FINANCIAL INCOME (EXPENSE)	(32)				
Financial income		77	*5*	63	*3*
Financial expense		(151)	*(72)*	(118)	*(55)*
Derivatives		6	*6*	(4)	*(5)*
		(68)		**(59)**	
INCOME (EXPENSE) FROM INVESTMENTS	(33)				
Share of profit (loss) from equity-accounted investments		(12)		(58)	
Other gain (loss) from investments		21		**2**	
		9		**(56)**	
PROFIT (LOSS) BEFORE INCOME TAXES		**(1.064)**		**(1.519)**	
Income taxes	(34)	293		231	
NET PROFIT (LOSS) FOR THE YEAR		**(771)**		**(1.288)**	

Consolidated statement of comprehensive income (loss)

(€ million)	2024	2023
NET PROFIT (LOSS) FOR THE YEAR	**(771)**	**(1.288)**
Other items of comprehensive profit (loss)		
Items that are not reclassified to profit or loss in later periods		
Remeasurements of defined benefit plans		(2)
Tax effect		
Items that may be reclassified to profit or loss in later periods		
Foreign currency translation differences	(2)	(1)
Change of minor investments at fair value with effects to OCI		(1)
Share pertaining to equity-accounted investments		
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(773)**	**(1.292)**

Consolidated statement of changes in shareholders' equity

(€ million)	Share capital	Legal reserve	Cumulative currency translation difference	Consolidation reserve	Reserve for employee defined-benefit plans	Reserve for business combination under common control	Other distributable reserves	Retained earnings (losses)	Profit (Loss) for the year	Total
Balances at December 31, 2022 (a)	**446**		**(17)**		**(3)**		**500**	**23**	**(882)**	**67**
Loss for the year 2023									*(1.288)*	**(1.288)**
Remeasurements of defined benefit plans net of tax effect					*(2)*					**(2)**
Foreign currency translation differences			*(1)*							**(1)**
Share of FVTOCI-accounted investments								*(1)*		**(1)**
Total comprehensive loss for the year 2023 (b)			**(1)**		**(2)**			**(1)**	**(1.288)**	**(1.292)**
Transactions with shareholders:										
Allocation of 2022 net income (loss)								(882)	882	
Share capital reduction and coverage of losses	(146)						(500)	646		
Payment of the sole shareholder							977	94		**1.071**
Total transactions with shareholders (c)	**(146)**						**477**	**(142)**	**882**	**1.071**
Changes in the consolidation perimeter and other changes			(1)		7			1		7
Total other changes (d)			**(1)**		**7**			**1**		**7**
Balance at December 31, 2023 (e=a+b+c+d)	**300**		**(19)**		**2**		**977**	**(119)**	**(1.288)**	**(147)**
Profit (loss) for the year 2024									(771)	**(771)**
Revaluation of defined-benefit plans for employees net of tax effect										
Foreign currency translation differences			*(2)*							**(2)**
Total comprehensive loss for the year 2022 (f)			**(2)**						**(771)**	**(773)**
Transactions with shareholders:										
Profit (loss) allocation of the year 2023				(60)				(1.228)	1.288	
Reduction in shareholder's capital and loss coverage	(100)						(977)	1.077		
Payment of the sole shareholder							508	92		**600**
Total transactions with shareholders (g)	**(100)**			**(60)**			**(469)**	**(59)**	**1.288**	**600**
Changes in the consolidation perimeter and other changes					1	1		2		**4**
Total other changes (h)					**1**	**1**		**2**		**4**
Balance at December 31, 2024 (i=e+f+g+h)	**200**		**(21)**	**(60)**	**3**	**1**	**508**	**(176)**	**(771)**	**(316)**

Consolidated statement of cash flows

(€ million)	Note	**2024**	**2023**
Profit (loss) for the year		(771)	(1.288)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	(31)	125	105
Net Impairments (reversals) of tangible, intangible assets and right of use	(31)	163	405
Share of profit (loss) of equity-method investments	(33)	12	43
Currency translation differences from alignment		(3)	(2)
Change in the provisions for employee benefits	(23)	(3)	4
Gains/Losses on securities and financial receivables, investment, disinvestment			(4)
Gains/losses from remeasurement of lease liabilities			(1)
Net gains on disposal of equity investments		(24)	(5)
Interest income	(32)	(5)	(3)
Interest expense	(32)	75	57
Expenses (gains) related to discontinued operations			
Current, deferred and advance income taxes for the period	(34)	(293)	(231)
Changes in working capital:			
- inventories	(4)	(8)	171
- trade receivables	(3)	64	90
- trade payables	(18)	(69)	(103)
- provisions for contingencies	(22)	152	65
- other assets and liabilities		(52)	70
Cash flow from changes in working capital		*(637)*	*(627)*
Interest received		5	3
Interest paid		(71)	(52)
Income taxes paid, net of tax receivables received		214	(16)
Net cash provided by operating activities		**(489)**	**(692)**
of which with related parties	*(35)*	*(870)*	*(1.482)*
Investing activities:			
- tangible assets	(7) e (8)	(192)	(151)
- intangible assets	(9)	(18)	(36)
- investments	(11) e (12)	(51)	(446)
- changes in payables relating to investing activities	(18)	(6)	8
Cash flow from investing activities		*(267)*	*(625)*
Disposals:			
- tangible assets		4	6
- intangible assets		9	15
- companies removed from the consolidation area		18	
- financial receivables from divesting activities			5
Cash flow from disposals		*31*	*26*
Net cash flow from investing activities		**(236)**	**(599)**
of which with related parties	*(35)*	*(42)*	*(26)*
Increase (decrease) in long-term debt	(19)		
Increase (decrease) in short-term debt	(16)	94	307
Repayments of lease liability		(5)	(5)
Change in non-operating financial receivables		8	
Cash flow of equity		600	1.071
Currency translation exchange differences - Cash and cash equivalents			
Exchange differences from alignment - Cash and cash equivalents		2	
Net cash flow from financing activities		**699**	**1.373**
of which with related parties	*(35)*	*750*	*1.519*
Net cash flow for the year		**(26)**	**82**
Cash and cash equivalents - beginning of the year	(1)	184	102
Cash and cash equivalents - end of the year	(1)	**159**	**184**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Significant accounting policies, estimates and judgements

Basis of preparation

The Consolidated Financial have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) [12] as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) pursuant to article 6 of the EC Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and in accordance with article 9 of the Italian Legislative Decree No. 38/05.

For the parent company Versalis SpA, the net loss for the year, amounting to €637 million, meets the requirements of Article 2446 of the Italian Civil Code. These financial statements have been prepared on a going-concern basis as the directors believe, consistently with what has occurred in previous and current financial years, that they will be able to benefit from the constant equity and financial support of Eni SpA to whose management and coordination Versalis SpA is subject. In this regard, on February 20, 2025, Eni SpA issued a Support letter to the Company in which it reiterated Eni's policy to provide its subsidiaries, directly or indirectly, with the necessary funds to fulfill its obligations by confirming, specifically, the necessary financial support, including possible capitalization, to guarantee the going concern of Versalis SpA and its subsidiaries for at least 12 months from the date of approval of their respective financial statements for the year 2024. Moreover, the recent announcement made by Eni SpA of its plan for the transformation and revitalization of the chemical industry, with investments of around €2 billion planned over the next few years, represents concrete evidence of the support that the parent company will give to the sector.

The consolidated financial statements are prepared by applying the historical cost method, taking into account value adjustments where appropriate, with the exception of those items that under IFRS must be measured at fair value, as indicated in the accounting policies.

The consolidation principles and valuation criteria set out below have been consistently applied to all financial years presented unless otherwise indicated.

Given their significance, the values of the items in the financial statements and the notes thereto are expressed in millions of euro, except where otherwise indicated.

Significant accounting estimates and judgments

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses recognized in the financial statements, as well as amounts included in the notes thereto, including disclosure of contingent assets and contingent liabilities. Estimates are based on complex judgments and past experience of other assumptions deemed reasonable in consideration of the information available at the time. Although the Company uses its best estimates and judgments, actual results could differ from the estimates and assumptions used. The accounting estimates

12 The IFRS also include the International Accounting Standards (IAS), which are still in force, as well as the interpretative documents drawn up by the IFRS Interpretations Committee, formerly the International Financial Reporting Interpretations Committee (IFRIC) and even earlier the Standing Interpretations Committee (SIC).

and judgments relevant for the preparation of the Consolidated Financial Statement are illustrated in the description of the respective accounting policy. The changes to the estimates and assumption adopted can have a major impact on subsequent results.

Significant accounting estimates and judgments made in assessing the impacts of climate-related risks

Significant accounting estimates and judgments made by management for the preparation of the 2024 Consolidated Financial Statements are affected by the effects of actions to address climate change and by the potential impact of the energy transition. In particular, the global pressure towards a low carbon economy, carbon pricing schemes, the technological evolution of the green-and-circular chemistry businesses, as well as changes in consumer preferences, could imply a structural decline of the and an increase in operating costs.

The Eni strategy towards Carbon Neutrality, in line with the provisions of the scenarios compatible with maintaining global warming within the 1.5°C threshold; is composed of a series of actions and initiatives aimed to achieve carbon neutrality by 2050, through the Net Zero emissions for all Scope 1, 2 and 3 GHG emissions associated with Eni's product portfolio. Scenarios adopted by management take into account policies, regulatory requirements and current and expected developments in technology and set out a development path of the future energy system, on the basis of an economic and demographic framework, analysis of existing and announced policies and technologies, identifying those which can reasonably reach maturity within the considered time horizon. Price variables reflect the best estimate by management of the fundamentals of several energy markets, which incorporates the ongoing and reasonably expected decarbonization trends, and are subject to continuous benchmarking with the views of market analysts and peers.

Such scenarios represent the basis for significant estimates and judgments relating to: (i) the assessment of the intention to continue industrial projects; (ii) the assessment of the recoverability of non-current assets.

Principles of consolidation

Subsidiaries

The Consolidated Financial Statements comprise the financial statements of Versalis SpA and those of its subsidiaries, being those entities over which the Company has control, either directly or indirectly.

In this regard, an investor controls an undertaking when it is exposed, or has the right to participate, in the variability of its economic returns and is able to influence those returns through the exercise of its decision-making power over it. Decision-making power exists in the presence of rights giving the parent company the effective ability to direct the relevant activities of the investee

Subsidiaries are consolidated, on the basis of consistent accounting policies, from the date on which control is obtained until the date that control ceases. Assets, liabilities, income and expenses of consolidated subsidiaries are fully recognized with those of the parent in the Consolidated Financial Statements, taking into account the appropriate eliminations of intragroup transactions (see the accounting policy for "Intragroup transactions"); the parent's investment in each subsidiary is eliminated against the corresponding parent's portion of equity of each subsidiary. Non-controlling interests are presented separately on the balance sheet within equity; the profit or loss and comprehensive income attributable to non-controlling interests are presented in specific line items, respectively, in the profit and loss account and in the statement of comprehensive income.

Taking into account the lack of any material[13] impact on the representation of the financial position and performance of the Group[14], the Consolidated Financial Statements do not fully consolidate some subsidiaries that are immaterial, both individually and in the aggregate, and subsidiaries whose consolidation doesn't have any significant effect.

When the proportion of the equity held by non-controlling interests changes, any difference between the consideration paid/received and the amount by which the related non- controlling interests are adjusted is attributed to Eni owners' equity (within the line item "Retained earnings").

Conversely, the sale of equity interests with loss of control determines the recognition in the profit and loss account of: (i) any gain or loss calculated as the difference between the consideration received and the corresponding transferred net assets; (ii) any gain or loss recognized as a result of the remeasurement of any investment retained in the former subsidiary at its fair value; (iii) the estimate of fair value of any contingent consideration, to be settled in cash if specified future events occur or conditions are met; and (iv) any amount related to the former subsidiary previously recognized in other comprehensive income which may be reclassified subsequently to the profit and loss account[15]. Any investment retained in the former subsidiary is recognized at its fair value at the date when control is lost and shall be accounted for in accordance with the applicable measurement criteria.

Interests in joint arrangements

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method as described in the accounting policy for "The equity method of accounting".

Investments in associates

Una collegata è un'impresa su cui Versalis esercita un'influenza notevole, intesa come il potere di partecipare alla determinazione delle relative scelte finanziarie e gestionali senza averne il controllo o il controllo congiunto. Le partecipazioni in collegate sono valutate con il metodo del patrimonio netto come indicato nel punto "Metodo del patrimonio netto".

Le imprese consolidate, le imprese controllate non consolidate, le joint venture e le imprese collegate sono distintamente indicate nell'allegato "Imprese e partecipazioni di Versalis SpA al 31 dicembre 2024", che fa parte integrante delle presenti note. Nello stesso allegato è riportata anche la variazione dell'area di consolidamento verificatasi nell'esercizio.

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13 According to IFRSs, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

14 Unconsolidated subsidiaries are accounted for as described in the accounting policy for "The equity method of accounting"; for further information, see the annex "List of companies owned by Eni SpA as of December 31, 2023".

15 Conversely, any amounts recognized in other comprehensive income relating to the former subsidiary, for which no reversal to profit or loss is envisaged, are recognized in another equity item.

The equity method of accounting

Investments in joint ventures, associates and immaterial unconsolidated subsidiaries, are accounted for using the equity method[16].

Under the equity method, investments are initially recognized at cost[17], allocating it, similarly to business combinations procedures, to the investee's identifiable assets/liabilities; any excess of the cost of the investment over the share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill, not separately recognized but included in the carrying amount of the investment. If this allocation is provisionally recognized at initial recognition, it can be retrospectively adjusted within one year from the acquisition date, to reflect new information obtained about facts and circumstances that existed at the acquisition date. Subsequently, with the aim of reflecting the Group's share of the investee's net assets and the related changes, the carrying amount is adjusted to reflect: (i) the investor's share of the profit or loss of the investee after the date of acquisition; and (ii) the investor's share of the investee's other comprehensive income. Distributions received from an equity-accounted investee reduce the carrying amount of the investment.

In applying the equity method, consolidation adjustments are considered (see also the accounting policy for "Subsidiaries"). Losses arising from the application of the equity method in excess of the carrying amount of the investment, recognized in the profit and loss account within "Income (Expense) from investments", reduce the carrying amount, net of the related expected credit losses (see below), of any financing receivables towards the investee for which settlement is neither planned nor likely to occur in the foreseeable future (the so-called long-term interests), which are, in substance, an extension of the investment in the investee. The investor's share of any losses of an equity-accounted investee that exceeds the carrying amount of the investment and any long-term interests (the so-called net investment), is recognized in a specific provision only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee.

As a general rule, distributions received from equity-accounted investees are recognized by the participating enterprise as a reduction of the carrying amount of the investment. An investee could distribute a dividend in excess of the carrying amount of the investment in the financial statements of the participating enterprise. In such circumstances, the participating company:

- resets the book value of the shareholding to zero;
- verifies the existence of legal or constructive obligations to return the dividend received or to make payments on behalf of the investee. In such circumstances, the excess distribution is recognized as a liability in the balance sheet;
- in the absence of a legal or constructive obligation, recognizes the difference with respect to the carrying amount of the investment as income in the income statement under "Other income (expenses) from investments".

Distributions received from an equity-accounted investee reduce the carrying amount of the investment. In applying the equity method, consolidation adjustments are considered (see also the accounting policy for

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16 Joint ventures, associates and immaterial unconsolidated subsidiaries are accounted for at cost less any impairment losses, if this does not result in a misrepresentation of the Company's financial position and performance.

17 If an investment in an equity instrument becomes an equity-accounted investee, the related cost is the sum of the fair value of the previously held equity interest in the investee and the fair value of any consideration transferred.

"Subsidiaries"). Losses arising from the application of the equity method in excess of the carrying amount of the investment, recognized in the profit and loss account within "Income (Expense) from investments", reduce the carrying amount, net of the related expected credit losses (see below), of any financing receivables towards the investee for which settlement is neither planned nor likely to occur in the foreseeable future (the so-called long-term interests), which are, in substance, an extension of the investment in the investee. The investor's share of any losses of an equity-accounted investee that exceeds the carrying amount of the investment and any long-term interests (the so-called net investment), is recognized in a specific provision only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee.

Whenever there is objective evidence of impairment (e.g., relevant breaches of contracts, significant financial difficulty, probable default of the counterparty, etc.), the carrying amount of the net investment, resulting from the application of the abovementioned measurement criteria, is tested for impairment by comparing it with the related recoverable amount, determined by adopting the criteria indicated in the accounting policy for "Impairment of non-financial assets". When an impairment loss no longer exists or has decreased, any reversal of the impairment loss is recognized in the profit and loss account within "Other income (expense) from investments".

The sale of equity interests with loss of joint control or significant influence over the investee determines the recognition in the profit and loss account of: (i) any gain or loss calculated as the difference between the consideration received and the corresponding transferred share; (ii) any gain or loss recognized as a result of the remeasurement of any investment retained in the former joint venture/ associate at its fair value[18]; and (iii) any amount related to the former joint venture/associate previously recognized in other comprehensive income which may be reclassified subsequently to the profit and loss account[19]. Any investment retained in the former joint venture/associate is recognized at its fair value at the date when joint control or significant influence is lost and shall be accounted for in accordance with the applicable measurement criteria.

Business combinations

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is the sum of the acquisition-date fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the acquirer. The consideration transferred also includes the fair value of any assets or liabilities resulting from contingent considerations, contractually agreed and dependent upon the occurrence of specified future events. Acquisition-related costs are accounted for as expenses.

The acquirer shall measure the identifiable assets acquired and liabilities assumed at their acquisition-date fair values[20], unless another measurement basis is required by IFRSs. The excess of the consideration transferred over the Group's share of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed is recognized, on the balance sheet, as goodwill; conversely, a gain on a bargain purchase is recognized in the profit and loss account.

[18] If the retained investment continues to be classified either as a joint venture or an associate and so accounted for using the equity method, no remeasurement at fair value is recognized in the profit and loss account.

[19] Conversely, any amount related to the former joint venture/associate previously recognized in other comprehensive income, which may not be reclassified subsequently to the profit and loss account, are reclassified in another item of equity.

[20] Fair value measurement principles are described in the accounting policy for "Fair value measurements".

Any non-controlling interests are measured as the proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date excluding the portion of goodwill attributable to them (partial goodwill method). In a business combination achieved in stages, the purchase price is determined by summing the acquisition-date fair value of previously held equity interests in the acquiree and the consideration transferred for obtaining control; the previously held equity interests are remeasured at their acquisition-date fair value and the resulting gain or loss, if any, is recognized in the profit and loss account. Furthermore, on obtaining control, any amount recognized in other comprehensive income related to the previously held equity interests is reclassified to the profit and loss account, or in another item of equity when such amount may not be reclassified to the profit and loss account.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts recognized at the acquisition date shall be retrospectively adjusted within one year from the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Significant accounting estimates and judgments: investments and business combinations

The assessment of the existence of control, joint control, significant influence over an investee, as well as for joint operations, the assessment of the existence of enforceable rights to the investee's assets and enforceable obligations for the investee's liabilities imply that the management makes complex judgements on the basis of the characteristics of the investee's structure, arrangements between parties and other relevant facts and circumstances. Significant accounting estimates by management are required also for measuring the identifiable assets acquired and the liabilities assumed, in a business combination, at their acquisition-date fair values. For such measurement, to be performed also for the application of the equity method, the Company adopts the evaluation techniques generally used by market participants taking into account the available information; for the most significant acquisitions, the Company engages external independent evaluators.

Intragroup transactions

All balances and transactions between consolidated companies, and not yet realized with third parties, including unrealized profits arising from such transactions, have been eliminated[21].

Unrealized profits arising from transactions between the Group and its equity-accounted entities are eliminated to the extent of the Group's interest in the equity-accounted entity. In both cases, unrealized losses are not eliminated as the transaction provides evidence of an impairment loss of the asset transferred.

Foreign currency translation

The financial statements of foreign operations having a functional currency other than the euro, that represents the parent's functional currency as well as the presentation currency of the Consolidated Financial Statements, are translated into euros using the spot exchange rates on the balance sheet date for assets and liabilities, historical exchange rates for equity and average exchange rates for the profit and loss account and the statement of cash flows.

21 Exchange differences associated with intragroup monetary assets and liabilities arising from transactions between consolidated companies operating in different currencies are not eliminated.

The cumulative resulting exchange differences are presented in the separate component of Eni owners' equity "Cumulative currency translation differences"[22]. Cumulative amount of exchange differences relating to a foreign operation are reclassified to the profit and loss account when the entity disposes the entire interest in that foreign operation or when the partial disposal involves the loss of control, joint control or significant influence over the foreign operation. On a partial disposal that does not involve loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative exchange differences is reattributed to the non-controlling interests in that foreign operation. On a partial disposal of interests in joint arrangements or in associates that does not involve loss of joint control or significant influence, the proportionate share of the cumulative exchange differences is reclassified to the profit and loss account. The repayment of share capital made by a subsidiary having a functional currency other than the euro, without a change in the ownership interest, implies that the proportionate share of the cumulative amount of exchange differences relating to the subsidiary is reclassified to the profit and loss account.

The main foreign exchange rates used to translate the financial statements into the parent's functional currency are indicated below:

(currency amount for 1 euro)	Average exchange rate 2024	Exchange rate at December 31 2024	Average exchange rate 2023	Exchange rate at December 31 2023
US Dollar	**1,08**	**1,04**	1,08	1,11
Pound Sterling	**0,85**	**0,83**	0,87	0,87
Hungarian Forint	**395,30**	**411,25**	381,71	382,37
Chinese Renmimbi	**7,79**	**7,59**	7,66	7,84
Korean republic Won	**1.474,98**	**1.530,08**	1.412,87	1.423,39

Material accounting policies

The material accounting policies used in the preparation of the Consolidated Financial Statements are described below.

Tangible assets

Tangible assets are recognized at cost and carried at purchase price or production cost including directly attributable ancillary costs necessary to make the assets ready for use[23].

For assets that necessarily take a substantial period of time to get ready for their intended use, the purchase price or construction cost comprises the borrowing costs incurred in the period to get the asset ready for use that would have been avoided if the expenditure had not been made. Property, plant and equipment are not revalued for financial reporting purposes. Expenditures on upgrading, revamping and reconversion are recognized as items of property, plant and equipment when it is probable that they will increase the expected

22 When the foreign subsidiary is partially owned, the cumulative exchange difference, that is attributable to the non-controlling interests, is allocated to and recognized as part of "non-controlling interest".

23 When the agreement for the purchase and sale of a tangible asset provides for, in addition to the initial payment, future additional payments contingent upon the realization of future conditions or events (known as contingent consideration), at the acquisition date the purchase cost is equal to the consideration paid and does not include the estimated contingent consideration; the liability for contingent consideration is recognized, as a balancing entry to the tangible asset, when the uncertainty to which it is linked is resolved.

future economic benefits of the asset. Assets acquired for safety or environmental reasons, although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, qualify for recognition as assets when they are necessary for running the business. Depreciation of tangible assets begins when they are available for use, i.e. when they are in the location and condition necessary for it to be capable of operating as planned. Property, plant and equipment are depreciated on a systematic basis over their useful life. The useful life is the period over which an asset is expected to be available for use by the Company. When tangible assets are composed of more than one significant part with different useful lives, each part is depreciated separately. The depreciable amount is the asset's carrying amount less its residual value at the end of its useful life, if it is significant and can be reasonably determined. Land is not depreciated, even when acquired together with a building. Tangible assets held for sale are not depreciated (see the accounting policy for "Assets held for sale and discontinued operations"). Changes in the asset's useful life, in its residual value or in the pattern of consumption of the future economic benefits embodied in the asset, are accounted for prospectively. Assets to be handed over for no consideration are depreciated over the shorter term between the duration of the concession or the asset's useful life.
Replacement costs of identifiable parts in complex assets are capitalized and depreciated over their useful life; the residual carrying amount of the part that has been substituted is charged to the profit and loss account. Nonremovable leasehold improvements are depreciated over the earlier of the useful life of the improvements and the lease term. Expenditures for ordinary maintenance and repairs, other than replacements of identifiable components, which reintegrate, and do not increase the performance of the assets, are recognized as an expense as incurred. The carrying amount of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal; the arising gain or loss is recognized in the profit and loss account. Nonremovable leasehold improvements are depreciated over the earlier of the useful life of the improvements and the lease term. Expenditures for ordinary maintenance and repairs, other than replacements of identifiable components, which reintegrate, and do not increase the performance of the assets, are recognized as an expense as incurred. The carrying amount of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal; the arising gain or loss is recognized in the profit and loss account

Leases

A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration; such right exists whether, throughout the period of use, the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. At the commencement date of the lease (i.e., the date on which the underlying asset is available for use), a lessee recognizes on the balance sheet an asset representing its right to use the underlying leased asset (hereinafter also referred as right-of-use asset) and a liability representing its obligation to make lease payments during the lease term (hereinafter also referred as lease liability). The lease term is the non-cancellable period of a contract, together with, if reasonably certain, periods covered by extension options or by the non-exercise of termination options. In particular, the lease liability is initially recognized at the present value of the following lease payments that are not paid at the commencement date: (i) fixed payments (including in- substance fixed payments), less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate ; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The latter is determined considering the term of the lease, the frequency and currency of the contractual lease payments, as well as the features of the lessee's economic environment (reflected in the country risk premium assigned to each country where Versalis operates). After the initial recognition, the lease liability is measured on an amortized cost basis and is remeasured, normally, as an adjustment to the carrying amount of the related right-of- use asset, to reflect changes to the lease payments due, essentially, to: (i) modifications in the lease contract not accounted as a separate lease; (ii) changes in indexes or rates (used to determine the variable lease payments); or (iii) changes in the assessment of contractual options (e.g. options to purchase the underlying asset, extension or termination options). The right-of-use asset is initially measured at cost, which comprises: (i) the amount of the initial measurement of the lease liability; (ii) any initial direct costs incurred by the lessee ; (iii) any lease payments made at or before the commencement date, less any lease incentives received; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. After the initial recognition, the right-of-use asset is adjusted for any accumulated depreciation[24], any accumulated impairment losses (see the accounting policy for "Impairment of non-financial assets") and any remeasurement of the lease liability.

Significant accounting estimates and judgments: lease transactions

With reference to lease contracts, management makes significant estimates and judgments related to: (i) determining the lease term, considering all facts and circumstances that generate an economic incentive, or not, to exercise any extension and/or termination options; (ii) determining the lessee's incremental borrowing rate; (iii) identifying and, where appropriate, separating non-lease components from lease components, where an observable stand-alone price is not readily available, taking into account also the analysis performed with external experts; (iv) recognizing lease contracts, for which the underlying assets are used in oil and gas activities (mainly drilling rigs and FPSOs), entered into as operator within an unincorporated joint operation, considering if the operator has primary responsibility for the liability towards the third-party supplier and the relationships with the followers; (v) identifying the variable lease payments and the related characteristics in order to include them in the measurement of the lease liability.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance, controlled by the Company and able to produce future economic benefits, and goodwill.

Intangible assets are initially recognized at cost as determined by the criteria described in the accounting policy for "Tangible assets" and they are never revalued for financial reporting purposes.

Intangible assets with finite useful lives are amortized on a systematic basis over their useful life; the amortization is carried out in accordance with the criteria described in the accounting policy for "Tangible assets".

24 Depreciation charges are recognized on a systematic basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Nevertheless, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

Goodwill and intangible assets with indefinite useful lives are not amortized. The recoverability of their book value is verified at least annually and, in any case, when events occur that suggest a reduction in value.
Goodwill is tested for impairment at the lowest level within the entity at which it is monitored for internal management purposes. When the carrying amount of the cash-generating unit, including goodwill allocated thereto, calculated considering any impairment loss of the non-current assets belonging to the cash-generating unit, exceeds its recoverable amount[25], the excess is recognized as an impairment loss. The impairment loss is allocated primarily to the carrying amount of goodwill; any remaining excess is allocated to the other assets of the cash generating unit pro-rata on the basis of the carrying amount of each asset in the unit, up to the recoverable amount of assets with finite useful lives. An impairment loss recognized for goodwill cannot be reversed in a subsequent period[26].
Costs of obtaining a contract with a customer are recognized in the balance sheet if the Company expects to recover those costs. The intangible asset arising from those costs is amortized on a systematic basis, that is consistent with the transfer to the customer of the goods or services to which the asset relates and is tested for impairment.
Costs of technological development activities are capitalized when: (i) the cost attributable to the development activity can be measured reliably; (ii) there is the intention and the availability of financial and technical resources to make the asset available for use or sale; and (iii) it can be demonstrated that the asset is able to generate future economic benefits.
The carrying amount of intangible assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal; any arising gain or loss is recognized in the profit and loss account.

Significant accounting estimates and judgements: impairment of non-financial assets

Non-financial assets (tangible assets, intangible assets and right-of-use assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable.
The recoverability assessment is performed for each cash generating unit (hereinafter also CGU) represented by the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.
CGUs may include corporate assets which do not generate cash inflows independently of other assets or group of assets, but which contribute to the future cash flows of more CGUs; the portions of corporate assets are allocated to a specific CGU or, if not possible, to a group of CGUs on a reasonable and consistent basis.
Goodwill is tested for impairment at least annually, and whenever there is any indication of impairment, at the lowest level within the entity at which it is monitored for internal management purposes. Right-of-use assets, which generally do not generate cash inflows independently of other assets or groups of assets, are allocated to the CGU to which they belong; the right-of-use assets which cannot be fully attributed to a CGU are considered as corporate assets.
The recoverability of a CGU is assessed by comparing its carrying amount with the recoverable amount, which is the higher of the CGU's fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the CGU and, if significant and reliably measurable, the cash flows expected to be obtained from its disposal at the end of its useful life, after deducting the costs of disposal. The expected cash flows are determined on the basis of reasonable and

[25] For the definition of recoverable amount, see the paragraph "Tangible assets".
[26] The write-down recorded in an interim period is not subject to reversal even if, based on the conditions existing in a subsequent interim period, the write-down would have been less, or not recognized at all.

supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the CGU, giving greater weight to external evidence.
The recoverability of non-financial assets is assessed whenever events or changes in circumstances indicate that carrying amounts of the assets are not recoverable. Such impairment indicators include changes in the Group's business plans, changes in commodity prices leading to unprofitable performance, a reduced capacity utilization of plants.
Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain and complex matters such as future commodity prices, future discount rates, future development expenditure and production costs, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply-and-demand conditions.
With reference to commodity prices, management uses the price scenario adopted for economic and financial projections and for the evaluation of investments over their entire life. In particular, for the cash flows associated with oil, natural gas and petroleum products prices (and prices derived from them), the price scenario is approved by Eni's Board of Directors and it is based on assumptions relating to the evolution of market fundamentals and, in the short-medium term, it also considers the forecasts of market analysts and, when sufficiently liquid and reliable, the survey of forward prices inferable from the market.
For impairment test purposes, cash outflows expected to be incurred to guarantee compliance with laws and regulations regarding CO_2 emissions (e.g., Emission Trading Scheme).
For the determination of value in use, the estimated future cash flows are discounted using a rate that reflects a current market assessment of the time value of money and of the risks specific to the asset that are not reflected in the estimated future cash flows. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC) adjusted for the specific country risk of the CGU. These adjustments are measured considering information from external parties. WACC differs considering the risk associated with each operating segment/business where the asset operates. In particular, taking into account the relative different risk levels compared to Eni's overall risk, specific WACCs were defined on the basis of a sample of comparable companies for the assets belonging to the Chemical business, adjusted to take into account the specific country risk in which the activity is carried out.
For the other businesses, considering the substantial coincidence of risk with Eni's overall risk, the same discount rate is used. The value in use is determined net of the tax effect as this method produces values substantially equivalent to those obtainable by discounting pre-tax cash flows at a pre-tax discount rate derived, iteratively, from the post-tax valuation result.
When the carrying amount of the CGU, including goodwill allocated thereto, determined taking into account any impairment loss of the non-current assets belonging to the CGU, exceeds its recoverable amount, the excess is recognized as an impairment loss. The impairment loss is allocated first to reduce the carrying amount of goodwill; any remaining excess is allocated to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the CGU, up to the related recoverable amount.
When an impairment loss no longer exists or has decreased, a reversal of the impairment loss is recognized in the profit and loss account. The impairment reversal shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Grants related to assets

Government grants related to assets are recognized by deducting them in calculating the carrying amount of the related assets when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Inventories

Inventories, including compulsory stocks, are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale or, with reference to inventories of crude oil and petroleum products (i.e., Virgin Naphtha) already included in binding sale contracts, the contractual sale price. Inventories which are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in prices are measured at fair value less costs to sell. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
The cost for chemical inventories is determined by applying the weighted-average cost on an annual basis.

Financial instruments

Financial assets

Financial assets are classified, on the basis of both contractual cash flow characteristics and the entity's business model for managing them, in the following categories: (i) financial assets measured at amortized cost; (ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI); (iii) financial assets measured at fair value through profit or loss.
At initial recognition, a financial asset is measured at fair value; trade receivables that do not have a significant financing component are measured at their transaction price.
After initial recognition, financial assets whose contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the so-called hold to collect business model). For financial assets measured at amortized cost, interest income determined using the effective interest rate, foreign exchange differences and any impairment losses are recognized in the profit and loss account (see the accounting policy for "Impairment of financial assets").
Conversely, financial assets that are debt instruments are measured at fair value through OCI (hereinafter also FVTOCI) if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the so-called hold to collect and sell business model). In these cases: (i) interest income determined using the effective interest rate, foreign exchange differences and any impairment losses are recognized in the profit and loss account (see the accounting policy for "Impairment of financial assets"); (ii) changes in fair value of the instruments are recognized in equity, within other comprehensive income. The accumulated changes in fair value, recognized in the equity reserve related to other comprehensive income, is reversed into the profit and loss account when the financial asset is derecognized.
A financial asset represented by a debt instrument that is neither measured at amortized cost nor at FVTOCI, is measured at fair value through profit or loss (hereinafter FVTPL); financial assets held for trading fall into this category. Interest income on assets held for trading contribute to the fair value measurement of the instrument and are recognized in "Finance income (expense)", within "Net finance income (expense) from financial assets held for trading".

When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, the transaction is accounted for on the settlement date.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, as well as financial assets originally due, generally, up to three months, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Impairment of financial assets

The expected credit loss model is adopted for the impairment of financial assets that are debt instruments but are not measured at FVTPL[27].
In particular, the expected credit losses are generally measured by multiplying: (i) the exposure to the counterparty's credit risk net of any collateral held and other credit enhancements (Exposure At Default, EAD); (ii) the probability that the default of the counterparty occurs (Probability of Default, PD); and (iii) the percentage estimate of the exposure that will not be recovered in case of default (Loss Given Default, LGD), considering the past experiences and the range of recovery tools that can be activated (e.g. extrajudicial and/or legal proceedings, etc.).
With reference to trade and other receivables, Probabilities of Default of counterparties are determined by adopting the internal credit ratings already used for credit worthiness and are periodically reviewed using, inter alia, back testing analyses. For customers without internal credit ratings, the expected credit losses are measured by using a provision matrix, defined by grouping, where appropriate, receivables into adequate clusters to which apply expected loss rates defined on the basis of their historical credit loss experiences, adjusted, where appropriate, to take into account forward-looking information on credit risk of the counterparty or clusters of counterparties[28].
Considering the characteristics of the reference markets, financial assets with more than 180 days past due or, in any case, with counterparties undergoing litigation, restructuring or renegotiation, are considered to be in default. Counterparties are considered undergoing litigation when judicial/legal proceedings aimed to recover a receivable have been activated or are going to be activated. Impairment losses of trade and other receivables are recognized in the profit and loss account, net of any impairment reversal, within the line item of the profit and loss account "Net (impairment losses) reversals of trade and other receivables".
The recoverability of financial receivables related to operating activities, granted to associates and joint ventures, which in substance forms part of the entity's net investment in these investees, is evaluated considering also the underlying industrial operations and the macroeconomic scenarios of the countries where the investees operate.

Significant accounting estimates and judgments: impairment of financial assets

Measuring impairment losses of financial assets requires management evaluation of complex and highly uncertain elements such as, for example, probabilities of default (PD) of counterparties, the existence of any collaterals or other credit enhancements, as well as the expected exposure that will not be recovered in case

27 The expected credit loss model is also adopted: (i) for issued financial guarantee contracts not measured at FVTPL; as well as (ii) for issued performance guarantees contracts Expected credit losses recognized on issued guarantees are not material.
28 For credit exposures arising from intragroup transactions, the recovery rate is normally assumed equal to 100% taking into account, inter alia, the Group central treasury function which supports both financial and capital needs of subsidiaries.

of default (so-called Loss Given Default or LGD). Further details on the main assumptions relating to the impairment of financial assets are shown in note 3 – “Trade receivables and other receivables”.

Minority interests

Investments in equity instruments that are not held for trading are measured at fair value through other comprehensive income, without subsequent transfer of fair value changes to profit or loss on derecognition of these investments; conversely, dividends from these investments are recognized in the profit and loss account, within the line item “Income (Expense) from investments”, unless they clearly represent a recovery of part of the cost of the investment. In limited circumstances, an investment in equity instruments can be measured at cost if it is an appropriate estimate of fair value.

Financial liabilities

At initial recognition, financial liabilities, other than derivative financial instruments, are measured at their fair value, minus transaction costs that are directly attributable, and are subsequently measured at amortized cost.

Derivative financial instruments and hedge accounting

Derivative financial instruments, including embedded derivatives (see below) that are separated from the host contract, are assets and liabilities measured at their fair value.
With reference to the defined risk management objectives and strategy, the qualifying criteria for hedge accounting requires: (i) the existence of an economic relationship between the hedged item and the hedging instrument in order to offset the related value changes and the effects of counterparty credit risk do not dominate the economic relationship between the hedged item and the hedging instrument; and (ii) the definition of the relationship between the quantity of the hedged item and the quantity of the hedging instrument (the so-called hedge ratio) consistent with the entity’s risk management objectives, under a defined risk management strategy; the hedge ratio is adjusted, where appropriate, after taking into account any adequate rebalancing. A hedging relationship is discontinued prospectively, in its entirety or a part of it, when it no longer meets the risk management objectives on the basis of which it qualified for hedge accounting, it ceases to meet the other qualifying criteria or after rebalancing it.
When derivatives hedge the risk of changes in the fair value of the hedged items (fair value hedge, e.g. hedging of the variability in the fair value of fixed interest rate assets/ liabilities), the derivatives are measured at fair value through profit and loss. Consistently, the carrying amount of the hedged item is adjusted to reflect, in the profit and loss account, the changes in fair value of the hedged item attributable to the hedged risk; this applies even if the hedged item should be otherwise measured.
When derivatives hedge the exposure to variability in cash flows of the hedged items (cash flow hedge, e.g. hedging the variability in the cash flows of assets/liabilities as a result of the fluctuations of exchange rate), the effective changes in the fair value of the derivatives are initially recognized in the equity reserve related to other comprehensive income and then reclassified to the profit and loss account in the same period during which the hedged transaction affects the profit and loss account.
If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the accumulated changes in fair value of hedging derivatives, recognized in equity, are included directly in the carrying amount of the hedged non-financial asset/liability (commonly referred to as a “basis adjustment”).
The changes in fair value of derivatives, that are not designated as effective hedging instruments, including any ineffective components of hedge derivative financial instruments, are recognized in the profit and loss

account. In particular, the changes in the fair value of non-hedging derivatives on interest rates and exchange rates are recognized in the profit and loss account line item "Finance income (expense)", conversely, the changes in the fair value of non-hedging derivatives on commodities are recognized in the profit and loss account line item "Other operating (expense) income".

The economic effects of the transactions relating to the purchase or sale of commodities stipulated for the company's needs for the normal conduct of business and for which settlement is envisaged through the physical delivery of the goods themselves, are recognized on an accrual basis (so-called normal sale and normal purchase exemption or own use exemption).

Offsetting of financial assets and liabilities

Financial assets and liabilities are set off in the balance sheet if the group currently has a legally enforceable right to set off and intends to settle on a net basis (or to realize the asset and settle the liability simultaneously).

Derecognition of financial assets and liabilities

Transferred financial assets are derecognized when the contractual rights to receive the cash flows from the financial assets expire or are transferred to another party. Financial liabilities are derecognized when they are extinguished, or when the obligation specified in the contract is discharged, cancelled or expired.

Provisions, contingent liabilities and contingent assets

A provision is a liability of uncertain timing or amount on the balance sheet date. Provisions are recognized when: (i) there is a present obligation, legal or constructive, as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation or to transfer it to third parties on the balance sheet date; the amount recognized for onerous contracts is the lower of the cost necessary to fulfill the obligations, net of expected economic benefits deriving from the contracts, and any compensation or penalties arising from failure to fulfill these obligations. Where the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expected cash outflows determined taking into account the risks associated with the obligation. The change in provisions due to the passage of time is recognized within "Finance income (expense)" in the profit and loss account.

When the liability regards property, plant and equipment (e.g., dismantling and site restoration), the provision is recorded with a corresponding counter-entry, that is the asset to which it refers; the effects of the provision on the income statement are accounted for through the amortization process.

A provision for restructuring costs is recognized only when the Company has a detailed formal plan for the restructuring and has raised a valid expectation in the affected parties that it will carry out the restructuring.

Provisions are periodically reviewed and adjusted to reflect changes in the estimates of costs, timing and discount rates. Changes in provisions are recognized in the same profit and loss account line item where the original provision was charged or, when the liability relates to tangible assets (i.e., dismantling and restoration of sites), the changes in the estimate of the provision are recognized as a counter-entry to the assets to which they refer within the limits of the relative book values; any excess is recognized in the income statement.

The following contingent liabilities are described in the notes to the Consolidated Financial Statements: (i) possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or (ii) present obligations arising from past events, whose amount cannot be reliably measured or whose settlement will probably not result in an outflow of resources embodying economic benefits. Contingent assets, i.e., possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, are not recognized unless the inflow of the related economic benefits is virtually certain. If an inflow of economic benefits is probable, contingent assets are disclosed in the notes. Contingent assets are assessed continually to evaluate the probability of obtaining economic benefits.

Provisions for environmental risks

Environmental liabilities are recognized in the presence of current obligations, legal or implicit, connected to environmental remediation and restoration of the state of the soils and aquifers of areas owned or under concession of predominantly disused, closed and dismantled sites or in the process of being restructuring, provided that the remediation is considered probable, and the related costs and timing of support can be reliably estimated. The liability is valued on the basis of the costs that are assumed to be incurred to fulfill the obligation in relation to the situation existing at the balance sheet date, taking into account virtually certain future technical and legislative developments of which the Company is aware.

Significant accounting estimates and judgments: decommissioning and restoration liabilities, environmental liabilities and other provisions

Versalis holds provisions for dismantling and removing items of property, plant and equipment, and restoring land or seabed at the end of the oil and gas production activity. Estimating obligations to dismantle, remove and restore items of property, plant and equipment is complex. It requires management to make estimates and judgments with respect to removal obligations that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal. In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as asset removal technologies and costs constantly evolve in the countries where Eni operates, as do political, environmental, safety and public expectations. The estimates about the timing and amount of future cash outflows, any related update as well as the related discounting are based on complex managerial judgments.

Decommissioning and restoration provisions, recognized in the financial statements, include, essentially, the present value of the expected costs for decommissioning oil and natural gas facilities at the end of the economic lives of fields, well- plugging, abandonment and site restoration of the Exploration & Production operating segment. Any decommissioning and restoration provisions associated with the other operating segments' assets, given their indeterminate settlement dates, also considering the strategy to reconvert plants in order to produce low carbon products, are recognized when it is possible to make a reliable estimate of the discounted abandonment costs. In this regard, Eni performs periodic reviews for any changes in facts and circumstances that might require recognition of a decommissioning and restoration provision.

Versalis is subject to numerous EU, national, regional and local environmental laws and regulations concerning its operations, production and other activities. They include legislations that implement international conventions or protocols. Environmental liabilities are recognized when it becomes probable that an outflow of resources will be required to settle the obligation and such obligation can be reliably estimated. The reliable determinability is verified on the basis of the available information such as, for example, the approval or filing of the environmental projects to the relevant administrative authorities or

the making of a commitment to the relevant administrative authorities, where supported by adequate estimates.
Management, considering the actions already taken, insurance policies obtained to cover environmental risks and provisions already recognized, does not expect any material adverse effect on Versalis' consolidated results of operations and financial position as a result of such laws and regulations. However, there can be no assurance that there will not be a material adverse impact on Versalis' consolidated results of operations and financial position due to: (i) the possibility of an unknown contamination; (ii) the results of the ongoing surveys and other possible effects of statements required by applicable laws; (iii) the possible effects of future environmental legislations and rules; (iv) the effects of possible technological changes relating to future remediation; and (v) the possibility of litigation and the difficulty of determining the related liability, if any, against other potentially responsible parties with respect to such litigations and the possible reimbursements.
In addition to environmental and decommissioning and restoration liabilities, Eni recognizes provisions primarily related to legal and trade proceedings. These provisions are estimated on the basis of complex managerial judgments related to the amounts to be recognized and the timing of future cash outflows. After the initial recognition, provisions are periodically reviewed and adjusted to reflect the current best estimate

Employee benefits

Employee benefits are considerations given by the Group in exchange for service rendered by employees or for the termination of employment.

Post-employment benefit plans, including informal arrangements, are classified as either defined contribution plans or defined benefit plans depending on the economic substance of the plan as derived from its principal terms and conditions. Under defined contribution plans, the Company's obligation, which consists in making payments to the State or to a trust or a fund, is determined on the basis of contributions due.

The liabilities related to defined benefit plans, net of any plan assets, are determined on the basis of actuarial assumptions and charged on accrual basis during the employment period required to obtain the benefits.

Net interest includes the interests cost on liabilities and interest income on plan assets. Net interest is measured by applying to the liabilities, net of any plan assets, the discount rate used to calculate the present value of the liability; net interest of defined benefit plans is recognized in "Financial income (expense)".

Remeasurements of the net defined benefit liability, comprising actuarial gains and losses, resulting from changes in the actuarial assumptions used or from changes arising from experience adjustments, and the return on plan assets excluding amounts included in net interest, are recognized within statement of comprehensive income. Remeasurements of net defined benefit liability, recognized in the equity reserve related to other comprehensive income, are not reclassified subsequently to the profit and loss account. Obligations for long-term benefits are determined by adopting actuarial assumptions. The effects of remeasurements are taken to profit and loss account in their entirety.

The liabilities for termination benefits are recognized at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that involves the payment of termination benefits. Such liabilities are measured in accordance with the nature of the employee benefit. In particular, if the termination benefits are an enhancement to post-employment benefits, the related liability is measured in accordance with the requirements for post-employment benefits. Otherwise, liabilities for termination benefits are determined applying the requirements: (i) for short-term employee benefits, if the termination benefits are expected to be settled wholly before twelve months after the end of the annual reporting period in which the termination benefits are recognized; or (ii) for long-term benefits if the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period.

Share-based payments

The line item "Payroll and related costs" includes the cost of the share-based incentive plan, consistent with its actual remunerative nature. The cost of the share-based incentive plan is measured by reference to the fair value of the equity instruments granted and the estimate of the number of shares that eventually vest; the cost is recognised on an accrual basis pro rata temporis over the vesting period, that is the period between the grant date and the settlement date. The fair value of the shares underlying the incentive plan is measured at the grant date, taking into account the estimate of achievement of market conditions (e.g. Total Shareholder Return), and is not adjusted in subsequent periods; when the achievement is linked also to non-market conditions, the number of shares expected to vest is adjusted during the vesting period to reflect the updated estimate of these conditions. If, at the end of the vesting period, the incentive plan does not vest because of failure to satisfy the performance conditions, the portion of cost related to market conditions is not reversed to the profit and loss account.

Significant accounting estimates and judgments: employee benefits and share-based payments

Defined benefit plans are evaluated with reference to uncertain events and based upon actuarial assumptions. The significant assumptions used to account for defined benefit plans are determined as follows: (i) discount and inflation rates are based on the market yields on high quality corporate bonds (or, in the absence of a deep market of these bonds, on the market yields on government bonds) and on the expected inflation rates in the reference currency area; (ii) the future salary levels of the individual employees are determined including an estimate of future changes attributed to general price levels (consistent with inflation rate assumptions), productivity, seniority and promotion; (iii) healthcare cost trend assumptions reflect an estimate of the actual future changes in the cost of the healthcare related benefits provided to the plan participants and are based on past and current healthcare cost trends, including healthcare inflation, changes in healthcare utilization, changes in health status of the participants and the contributions paid to health funds; and (iv) demographic assumptions such as mortality, disability and turnover reflect the best estimate of these future events for individual employees involved.
The amount of the net defined benefit liability (asset) changes according to the remeasurements, comprising, among others, changes in the current actuarial assumptions, differences in the previous actuarial assumptions and what has actually occurred and differences in the return on plan assets, excluding amounts included in net interest, usually occur. Similar to the approach followed for the fair value measurement of financial instruments, the fair value of the shares underlying the incentive plans is measured by using complex valuation techniques and identifying, through structured judgments, the assumptions to be adopted.

Revenue from contracts with customers

Revenue from contracts with customers is recognized on the basis of the following five steps: (i) identifying the contract with the customer; (ii) identifying the performance obligations, that are promises in a contract to transfer goods and/or services to a customer; (iii) determining the transaction price; (iv) allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each good or service; and (v) recognizing revenue when (or as) a performance obligation is satisfied, that is when a promised good or service is transferred to a customer; a promised good or service is transferred when (or as) the customer obtains control of it. Control can be transferred over time or at a point in time. With reference to the most important products sold by Versalis, the moment of recognition of the revenues generally coincides with the shipment.
Revenue is measured at the fair value of the consideration to which the company expects to be entitled in exchange for transferring promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. In determining the transaction price, the promised amount of consideration is adjusted for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. The promised amount of consideration is not adjusted for the effect of the significant financing component if, at contract inception, it is expected that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.
If the consideration promised in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods and/or services

to a customer; in particular, the amount of consideration can vary because of discounts, refunds, incentives, price concessions, performance bonuses, penalties or if the price is contingent on the occurrence or non-occurrence of a future event.
If, in a contract, the company grants a customer the option to acquire additional goods or services for free or at a discount (for example sales incentives, customer award points, etc.), this option gives rise to a separate performance obligation in the contract only if the option provides a material right to the customer that it would not receive without entering that contract.
When goods or services are exchanged for goods or services that are of a similar nature and value, the exchange is not regarded as a transaction which generates a revenue.

Costs

Costs are recognized when the related goods and services are sold or consumed during the year, when they are allocated on a systematic basis or when their future economic benefits cannot be identified.
Costs associated with emission quotas, determined on the basis of the market prices, are recognized in relation to the amounts of the carbon dioxide emissions that exceed free allowances. Costs related to the purchase of the emission rights that exceed the amount necessary to meet regulatory obligations are recognized as intangible assets. Revenue related to emission quotas is recognized when they are sold. In the event of a sale, the purchased emission rights are deemed sold first. Monetary receivables granted to replace the free award emission rights are recognized as a contra to the line item “Other income and revenues”.
The costs for the acquisition of new knowledge or discoveries, the study of products or alternative processes, new techniques or models, the planning and construction of prototypes or, in any case, costs incurred for other scientific research activities or technological development, which cannot be capitalized (see above the accounting policy for “Intangible assets”), are included in the profit and loss account when they are incurred.

Exchange differences

Revenues and costs associated with transactions in foreign currencies are translated into the functional currency by applying the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate on the balance sheet date and any resulting exchange differences are included in the profit and loss account within “Finance income (expense)” or, if designated as hedging instruments for the foreign currency risk, in the same line item in which the economic effects of the hedged item are recognized. Non-monetary assets and liabilities denominated in foreign currencies, measured at cost, are not retranslated subsequent to initial recognition. Non- monetary items measured at fair value, recoverable amount or net realizable value are retranslated using the exchange rate at the date when the value is determined.

Dividends

Dividends are recognised when the right to receive payment of the dividend is established. Dividends and interim dividends to owners are shown as changes in equity when the dividends are declared by, respectively, the shareholders’ meeting and the Board of Directors

Income taxes

Current income taxes are determined on the basis of estimated taxable income; the estimated liability is posted in the item “Current income tax payables”. Current income tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities are recognized for temporary differences arising between the carrying amounts of the assets and liabilities and their tax bases, based on tax rates and tax laws that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized when their recoverability is considered probable, i.e., when it is probable that sufficient taxable profit will be available in the same year as the reversal of the deductible temporary difference. Similarly, deferred tax assets for the carry-forward of unused tax credits and unused tax losses are recognized to the extent that their recoverability is probable. The carrying amount of the deferred tax assets is reviewed, at least, on an annual basis.
Deferred tax liabilities related to the taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, are not recognized if the investor is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets and liabilities are included in non-current assets and liabilities and are offset at single entity level if related to off-settable taxes. The balance of the offset, if positive, is recognized in the line item “Deferred tax assets” and, if negative, in the line item “Deferred tax liabilities”. When the results of transactions are recognized directly in the shareholders’ equity, the related current and deferred taxes are also charged to the shareholders’ equity.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (not in a forced liquidation or a distress sale) at the measurement date (exit price).
Assets and liabilities measured at fair value are categorized into the fair value hierarchy which is defined on the basis of the significance of the inputs used to measure fair value. In particular, on the basis of the features of the inputs used in the measurement, the fair value hierarchy provides for the following levels:

a) level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) level 2: measurement based on inputs, other than quoted prices included within the previous point, that are observable for the asset or liability under measurement, either directly or indirectly;
c) level 3: unobservable inputs for the asset or liability.

Significant accounting estimates and judgements: fair value

Fair value measurement, although based on the best available information and on the use of appropriate valuation techniques, is inherently uncertain and requires the use of professional judgment and could result in expected values other than the actual ones.

Financial Statements

The Financial Statements formats are same as those adopted for the previous fiscal period.

Changes in accounting policies

There are no changes in accounting policies that have significant effects on the 2024 Financial Statements.

IFRSs not yet effective

IFRSs issued by the IASB and adopted by the EU

By the Commission Regulation No. 2024/2862 issued on November 12, 2024 by the European Commission, the amendments to IAS 21 “Lack of Exchangeability” aimed, substantially, to require the estimate of a spot exchange rate when a currency is not exchangeable into another currency. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

IFRSs issued by the IASB and not yet adopted by the EU

On April 2024, the International Accounting Standard Board (IASB) issued IFRS 18 “ presentation of Financial Statements” to replace the existing IAS 1. In details, in order to improve the comparability and transparency of financial information, IFRS 18: (i) requires the presentation of new defined subtotals in the statement of profit or loss and makes limited changes to the statements of cash flow and balance sheet; (ii) introduces specific disclosures, to be provided in the notes to the financial statements, about management-defined performance measures; and (iii) introduces new principles of aggregation and disaggregation of information presented in financial statements. The provisions of IFRS 18 are effective for fiscal years beginning on, or after, January 1, 2027.

On May 9, 2024, the IASB issued IFRS 19, “Subsidiaries without Public Accountability: Disclosures,” which aims to reduce the disclosure requirements for the purposes of preparing the annual (and, if applicable, consolidated) financial statements of companies (that are neither listed nor financial institutions) that are directly or indirectly controlled by a company that prepares its own IFRS consolidated financial statements, available for public use. The provisions of IFRS 19 are effective for fiscal years beginning on, or after, January 1, 2027.

On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7, “Classification and Measurement of Financial Instruments,” aimed essentially at clarifying the timing of derecognition of financial liabilities settled through electronic payment systems and providing clarification regarding the classification of financial assets with environmental, social and governance features (e.g., sustainability bonds). The amendments are effective for fiscal years beginning on, or after, January 1, 2026.

On July 18, 2024, the IASB issued “Annual Improvements to IFRS Standards - Volume 11”, including changes, mainly of a technical and wording nature, to international accounting standards. The amendments to accounting standards are effective for fiscal years beginning on, or after, January 1, 2026.

On December 18, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” aimed essentially at: (i) clarify the use of the “own-use exemption” for contracts for the purchase of electricity from renewable sources; and (ii) allow, upon satisfaction of certain conditions, the designation of a cash flow hedge when there are contracts for the purchase or sale of electricity from renewable sources. The amendments are effective for fiscal years beginning on, or after, January 1, 2026.

At present, Versalis is analyzing the above accounting standards and assessing whether their adoption will have a significant impact on the financial statements.

Business combinations and other significant transactions

In July 2024 the final allocation of the higher price paid for the acquisition of the control in Novamont was completed. Below is the Purchase Price allocation o PPA compared with the one estimated in 2023.

(€ million)	Estimated allocation	Final allocation	Change
Price consideration (100%)	631	631	-
Book value pre - existent	265	265	-
Higher price to be allocated	**366**	**366**	**-**
Customer relationship	10	20	10
Brands	121	153	32
Licenses - authorizations	60	51	(9)
Patents	290	251	(39)
Deferred taxes - PPA	(134)	(133)	1
Residual goodwill	**19**	**24**	**5**

The price consideration of €631 million equal to the sum of (i) the total consideration recognized for the acquisition of 64% of the group of €404 million and (ii) the fair value of the previously held stake of €227 million, in accordance with IFRS 3 for step acquisitions. The price does not include any contractually stipulated earn-out, since, based on Novamont's performance for 2023 and 2024, no further outlay needed. The step-ups identified all relate to intangible assets and concern, in particular: customer relationships, trademarks, authorization licenses and industrial patents, with a total value of approximately 475 million euros, to which deferred tax liabilities of approximately 132 million euros were associated. The goodwill remaining after allocation amounted to 23 million euros.

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Current assets

1. Cash and cash equivalents

Cash and cash equivalents amount to €159 million (€184 million as at December 31, 2023), of which €54 million deposited in Eni Group financial companies.

2. Other current financial assets

Other current financial assets of €1 million (€9 million as at December 31, 2023) mainly refer to the financial receivables of Finproject SpA.

3. Trade and other receivables

Trade receivables and other credit are detailed in the table below:

(€ million)	**December 31, 2024**	**December 31, 2023**
Trade receivables	442	504
Other receivables	170	336
	612	**840**

Generally, trade receivables don’t bear any interest and provide payment terms within 150 days.

As at December 31, 2024, Versalis factored trade receivables without recourse for €135 million (€136 million as at December 31, 2023).

The company distinguishes credit exposures deriving from trade relationships and other relationships, according to a specific risk assessment of the counterparty. In particular, the probability of default is assessed on the basis of a defined internal rating, which considers the following: (i) specialist analysis of balance sheet, of current and prospective financial situation of clients; (ii) previous trade and administrative relationships (regularity of payments, presence of elements that mitigate the risk, etc.); (iii) any further qualitative information collected by the sales functions of each business unit and by specialized info-providers; (iv) any specific contractual clauses for credit protection; (v) performance of the reference sector; (vi) country risk that considers the probability of occurrence of events related to the debtor's operating context, over a medium-term time period, which may compromise the ability to fulfill the obligation towards Versalis. The internal ratings and the corresponding probability of default are updated through back-testing analysis and risk assessments of the current and forward-looking portfolio. The loss given default of these customers is estimated by the company's businesses on the basis of historical experience in recovering commercial debts; for customers in default, estimates are used based, among other things, on the experience of recovering debts in litigation or restructuring.
For counterparties not subject to an individual reliance process, the expected loss is determined, by homogeneous clusters, on the basis of a generic model that summarizes in a single parameter (so-called expected loss ratio) the values of the probability of default and the ability to recover (loss given default) having regard to the company's historical debt recovery data, systematically updated, supplemented, where appropriate, with prospective considerations regarding the evolution of the risk of default.

The following table shows information on gross credit risk exposure and allowance for impairment with reference to trade and other receivables for which an analytical assessment and/or on the basis of the generic model, prepared on the basis of internal ratings, has been carried out:

(€ million)	Performing loans	Non-performing loans	Total
Business customers	391	164	**555**
Other counterparties	187	3	**190**
Gross amount as at December 31, 2024	**578**	**167**	**745**
Allowance for doubtful accounts	1	132	**133**
Net amount as at December 31, 2024	**577**	**35**	**612**

Trade and other receivables are stated net of the allowance for doubtful accounts of €133 million (€134 million as at December 31, 2023). Receivables from other counterparties refer to trade and other receivables from Eni Group companies. Changes in the allowance for doubtful accounts occurred in 2024 are disclosed as follows:

(€ million)	Total
Carrying amount at December 31, 2023	**134**
- additions	9
- deductions	(7)
- changes in the consolidation area	
- other changes	(3)
Carrying amount at December 31, 2024	**133**

See paragraph "Credit risk" for further details on company's exposure to contingent losses deriving from counterparties' failure to fulfill their obligations.

Deductions of the allowance for doubtful accounts on trade receivables for the current year refer for €6 million to credit losses. Other receivables are disclosed as follows:

(€ million)	December 31, 2024	December 31, 2023
Receivables due from Eni Group companies	69	8
Receivables due from incentives to production of renewable energy	14	9
Advances for services and guarantee deposits	11	13
Receivables due from parent company	9	241
Receivables for patents and royalties	8	13
Receivables due from associated companies	8	9
Receivables due from joint ventures	3	6
Receivables due from personnel	2	2
Other receivables	46	35
	170	**336**

Receivables due from Eni Group companies (€69 million) mainly refer to the transfer of deferred tax assets of Versalis UK to Eni UK (€36 million), to Versalis SpA's dealings with Eni Rewind SpA for environmental remediation projects (€20 million), to the provision of professional services by Versalis Pacific Trading to Eni Congo (€9 million), to price adjustments of Virgin Naphtha supplies payable to Eni Trade and Biofuels SpA (€1 million) and to to the supply of fuel coupons to Eni Live SpA (€1 million).

Receivables from the parent company Eni SpA of €9 million mainly relate to receivables from participation to group VAT regime (€6 million) and to receivables for oilfield services provided to the Eni SpA - Natural Resources division. Receivables due from joint ventures of €3 million mainly relate to services provided by Versalis Pacific Trading to Lotte Versalis Elastomers.

Other receivables of €46 million are mainly related to chargebacks to third parties for environmental costs (€12 million), to receivables from factors (€10 million) and to balances on active supplies to customers (€8 million). The remainder consists of Versalis France's receivables from third parties (€12 million).

Fair value assessment of trade and other receivables has no material impact, given their short-term nature (i.e. the time between their occurrence and the due date). Receivables due from related parties are disclosed in Note 35.

4. Inventories

Inventories are detailed in the table below:

(€ million)	December 31, 2024				December 31, 2023			
	Oil derivatives	Chemicals	Other	Total	Oil derivatives	Chemicals	Other	Total
Raw and auxiliary materials and consumables	63	215	106	384	65	198	121	384
Work in progress and semi-finished products		30		30	5	10	25	40
Finished products and goods		687	20	707	21	636	38	695
	63	**932**	**126**	**1.121**	**91**	**844**	**184**	**1.119**

Other inventories mainly refer to technical materials and packaging. Changes in inventories and in allowances on inventories are disclosed as follows:

(€ million)	Opening balance	Changes over the period	Additions	Deductions	Currency translation differences	Chenages in the consolidation area	Ending balabce
December 31, 2024							
Gross inventories	1.260	10			(1)	(4)	1.265
Allowance on inventories	(141)		(14)	11			(144)
Net inventories	**1.119**	**10**	**(14)**	**11**	**(1)**	**(4)**	**1.121**
December 31, 2023							
Gross inventories	1.331	(178)			2	105	1.260
Allowance on inventories	(146)		(19)	26		(2)	(141)
Net inventories	**1.185**	**(178)**	**(19)**	**26**	**2**	**103**	**1.119**

There is no collateral on inventories. Additions to the allowance on inventories in 2024 mainly relate to the adjustments made on the book values of finished products, to align them to the expected sale price at the end of the period.

5. Current income tax assets

Current income tax assets of €6 million (€10 million as at December 31, 2023) mainly relate to receivables due from Italian and foreign tax authorities. Further details about income taxes are provided in note 34.

6. Other assets

Other assets are disclosed as follows:

(€ million)	December 31, 2024	December 31, 2023
Other current tax assets	35	28
Fair value of non-hedging derivatives	3	1
Other assets	8	8
	46	**37**

Other assets of €46 million (€37 million as at December 31, 2023) mainly include VAT receivables (€28 million), the contribution for R&D costs which are accrued and not yet compensated at the end of the year by Versalis SpA and Novamont SpA (€3 million), non-hedgig derivatives of Versalis France and Versalis SpA (€3 million), prepayments on insurance premiums (€2 million), prepaid services (€1 million) and Industry 4.0 tax credit from which Matrìca benefits (€1 million).

Non-current assets

7. Property, plant and equipment

Property, plant and equipment are detailed as follows:

(€ million)	Opening net balance	Investments	Depreciation	Write-downs and reversal of impairment losses	Disposals	Change in consolidation area	Other changes	Ending net balance	Ending gross balance	Provision for depreciation and impairment of assets
December 31, 2024										
Land	17			(2)				**15**	113	98
Buildings	76	3	(4)	(1)				**74**	438	364
Plant and machinery	387	66	(47)	(64)			(2)	**340**	6.209	5.869
Industrial and commercial equipment	16	2	(4)					**14**	135	121
Other assets	14	1	(3)					**12**	49	37
Assets under construction and advances	68	120		(94)			(1)	**93**	476	383
	578	**192**	**(58)**	**(161)**			**(3)**	**548**	**7.420**	**6.872**
December 31, 2023										
Land	34			(22)		4	1	**17**	114	97
Buildings	37	2	(3)	(6)		45	1	**76**	432	356
Plant and machinery	384	59	(59)	(235)	(1)	179	60	**387**	6.130	5.743
Industrial and commercial equipment	9	1	(3)	(1)		8	2	**16**	138	122
Other assets	14	2	(2)	(1)		1		**14**	49	35
Assets under construction and advances	112	87		(102)		18	(47)	**68**	371	303
	590	**151**	**(67)**	**(367)**	**(1)**	**255**	**17**	**578**	**7.234**	**6.656**

Investments of €192 million (€151 million as at December 31, 2023) are disclosed in the appropriate chapter of the Director's Report.

Financial expenses capitalized in the year of €5 million (€2 million in 2023) were determined by applying an interest rate of 3,45% (3,0% as at December 31, 2023). Increase on internal work capitalized in the period of €14 million (€19 million as at December 31, 2023) refers to services provided by internal staff.

Assets under construction and advances mainly relate to tangible assets under construction and advances mainly concern circular economy initiatives for mechanical recycling projects and upgrading works at Porto Marghera, the new wastewater treatment plant at Priolo and the upgrading of the Sol Neocis plant in Ravenna.

The main amortization rates adopted on annual basis, similar if compared to the previous years, are within the following ranges:

(annual %)	2024	2023
Buildings	2 - 14	2 - 14
Plant and machinery	2 - 24	3 - 24
Industrial and commercial equipment	5 - 33	10 - 33
Other assets	10 - 20	12 - 20

There are neither mortgages, nor special rights on property, plant and equipment.

The net value of public grants and reimbursements from third parties deducted from property, plant and equipment amounts to €2 million (€6 million as at December 31, 2023). The granting of public grants entails certain restrictions on the assets in respect of which they are granted. These constraints essentially consist of the obligation not to divert the subsidised assets from their intended use for at least five years from the date of entry into operation. Failure to comply with this constraint entails the possibility for the granting body to demand repayment of the grant, plus interest.

Further details on the criteria used to determine impairment loss and write-backs are disclosed in Note 10.

8. Leasing transactions as a lessee

Right of use and Lease liability are disclosed as follows:

(€ million)	Right of use		Total
	Land and buildings	Other assets	
Opening balance as at January 1, 2024	26		**26**
Increase	2	6	**8**
Amortisation	(2)	(2)	**(4)**
Write-downs			
Other changes		(1)	**(1)**
Ending balance as at December 31, 2024	**26**	**3**	**29**

(€ million)	Lease liabilitites		Total
	Short-term	Long-term	
Opening balance as at January 1, 2024	4	56	**60**
Increase		7	**7**
Decrease	(4)		**(4)**
Exchange differences		(1)	**(1)**
Other changes	6	(6)	
Ending balance as at December 31, 2024	**6**	**56**	**62**

The right of use of land and buildings mainly refers to land on which some industrial sites of the group are located. Total cash outflows from lease liabilities amount to €4 million and mainly relate to the repayment of the principal. The payment of the related financial expenses is less than €1 million in the financial year 2024.

Lease items recorded in the consolidated income statement are disclosed as follows:

(€ million)	2024	2023
Purchases, services and other costs (leases of modest value)	1	1
Depreciation		
- depreciation of right of use assets	4	5
- Write-downs of right of use assets		34
Financial gains (losses)	(1)	

9. Intangible assets

Intangible assets are detailed as follows:

(€ million)	Net opening balance	Investments	Change in consolidation area	Amortization	Write-downs and write-backs	Disposals	Other changes	Net ending balance	Gross ending balance	Provision for amortization and impairment
December 31, 2024										
Intangible assets with defined useful life										
- R&D costs	**1**			(1)					31	**31**
- Industrial patents and intellectual property rights	**287**			(19)			(31)	**237**	315	**78**
- Grants, licences, trademarks and similar rights	**245**			(31)		(3)	29	**240**	440	**200**
- Assets under construction and advances	**32**	18					(21)	**29**	35	**6**
- Other intangible assets	**136**			(12)	(2)	(6)	15	**131**	283	**152**
Intangible assets with undefined useful life										
- Goodwill	**112**						5	**117**	117	
- Other intangible assets with undefined useful life not held fı	**26**							**26**	26	
	839	**18**		**(63)**	**(2)**	**(9)**	**(3)**	**780**	**1.247**	**467**
December 31, 2023										
Intangible assets with defined useful life										
- R&D costs	**2**			(1)				**1**	32	**31**
- Industrial patents and intellectual property rights	**2**		291	(6)				**287**	347	**60**
- Grants, licences, trademarks and similar rights	**54**	3	206	(15)	(2)	(3)	2	**245**	415	**170**
- Assets under construction and advances	**22**	26	1		(1)		(16)	**32**	37	**5**
- Other intangible assets	**137**	7	16	(11)	(1)	(12)		**136**	274	**138**
Intangible assets with undefined useful life										
- Goodwill	**93**		19					**112**	112	
- Other intangible assets with undefined useful life not held fı	**24**		2					**26**	26	
	334	**36**	**535**	**(33)**	**(4)**	**(15)**	**(14)**	**839**	**1.243**	**404**

Industrial patents of €237 million (€287 million as at December 31, 2022) relate to the value of Novamont patents resulting from the final purchase price allocation (PPA), drawn up in 2024, amounting to €251 million, net of related amortization. Details on the final PPA can be found under Business combinations and other significant transactions.

In a similar way, grants, licenses and trademarks of €240 million (€245 million as at December 31, 2023) mainly refer to assets resulting form the PPA of Novamont; more specifically, they relate to the trademarks Mater-BI and BioBag (€150 million and €3 million respectively, net of annual amortization of €10 million) and to licenses for energy production through cogeneration (€31 million, net of annual amortization of €4 million), tri-generation (€18 million, net of annual amortization of €2 million) and biomethane (€2 million). The remainder mainly relates to industrial licenses. Intangible assets under construction and advances mainly refer to know-how and licences related to the development of advanced chemical recycling and bioplastics plants.

Other intangible assets of €131 million (€136 million as at December 31, 2023) mainly relate to customer relationship and to know-how of Finproject group (€91 million), to customer lists of Novamont and Biobag resulting from the PPA (€19 million), to property rights linked to the use of the Gas Phase technology for the Brindisi plant for the remainder.

Goodwill of €117 million (€112 million as at December 31, 2023) was recognized following the acquisitions of Finproject in 2021 (€93 million) and Novamont in 2023 (€24 million).

Other assets with an indefinite useful life of €26 million relate to the trademarks Levirex® and Extralight® owned by Finproject group.

Other changes mainly refer to the restatement of values, from provisional to definitive, of Novamont's PPA and reclassifications of assets under construction.

Further information on the criteria used to determine net write-backs (impairment losses) and the related analysis are disclosed in note 10.

The main amortization rates adopted on annual basis are within the following ranges:

(annual %)	2024	2023
- R&D costs	4 - 20	4 - 20
- Industrial patents and intellectual property rights	10 - 20	2 - 10
- Grants, licences, trademarks and similar rights	4 - 18	4 - 15
- Other intangible assets	3 - 20	3 - 20

The useful lives attributed to the assets resulting from the PPA of Novamont are the following:

- customer lists of Novamont and BioBag: 20 years
- Mater-BI, BioBag and Green Polly trademarks: 15 years
- license for the tri-generation plant: 9 years
- licenses for the cogeneration and biodigestion plants: 7 years
- patents: useful lives aligned to their validity

There are no contributions that decrease the book value of intangible assets.

Contributions deducted from intangible assets amounted to €6 million (no contributions as at December 31, 2023).

10. Net write-backs (impairment loss) of tangible and intangible assets and right of use assets

The impairment loss recorded in the financial statements are determined by comparing the book value of the assets with the related recoverable amount, represented by the greater between the fair value, net of disposal costs, and the value in use. Given the nature of Versalis Group core activities, information on the fair value of the assets is difficult to establish, except for the case a trading activity is in progress with a potential buyer. Therefore, management is in charge of estimating the value in use.

In 2024, management confirmed the Cash Generating Units (CGUs) Intermediates, Styrenics, Elastomers, Polyethylene, Biochem, Biotech Crescentino and Compounding. Due to the decision to permanently shut down the Ragusa plant in December 2024, the book value of the site was isolated from the Polyethylene CGU and fully written down by €20 million.

For the financial year 2024, all investments in businesses made during the year and capitalised on CGUs that had already been fully written down in the previous year were written down, resulting in the following effects:

- Intermediate CGU: impairment of €101 million;
- Styrenics CGU: impairment of €10 million.
- Elastomers CGU: impairment of €22 million;
- Biotech Crescentino CGU: impairment of €2 million;

all of the above write-downs reduced the carrying values of the respective CGUs to zero. This assessment was also confirmed by the impairment tests performed on the individual CGUs that resulted in negative recoverable values.

In addition, write-downs were made on the assets of the Porto Marghera logistics hub for EUR 8 million and, as mentioned above, of Ragusa for €20 million.

On the other hand, no write-downs or write-backs were made in respect of assets attributable to the Polyethylene, Biochem and Compounding CGUs, whose impairment test showed recoverable values higher than the carrying amounts. The related book values as at December 31, 2024 are €257 million, €721 million and €274 million respectively. The Polyethylene CGU maintains a headroom of about double its book value; for this CGU, in fact, a rebalancing of demand-supply and a change in the portfolio mix with a greater incidence of specialised products with higher margins is planned. The headroom of the Biochem and Compounding CGUs is 93% and 42% of its book value, respectively.

The impairment test was performed by comparing the book value of each CGU with its value in use, determined using the Discounted Cash Flows method. The time horizon is 20 years (adjusted for the economic-technical life of the plants). With reference to the Eni 2025-2028 long-term scenario, the declination for the Chemicals commodities presents, over the four-year period, conditions substantially in line with the previous plan.

The value in use of the CGUs is estimated by discounting the expected cash flows of the four-year Plan, excluding both research and development/enhancement outflows and their expected benefits. Cash flows from contribution margin are calculated on the basis of expected scenario spreads and of variable costs, developed on the basis of projected scenario parameters. For years subsequent to those of the plan, the standard material balance per product family is valued; a rate of increase equal to scenario inflation is applied to fixed costs; stay-in-business investments, until the end of the economic-technical life, are constant (real term) and equal to the average of planned plan investments and historical data. Free allocations of EUAs to meet atmospheric CO2 emission commitments are projected to steadily decrease by 4 percent per year.

For the purposes of discounting the flows determined according to the aforementioned criteria, the management has adopted a WACC discount rate of 6,7%, except for Biochem CGU, for which the reference WACC was 5,7%.

Considering the volatility of the scenario, management has tested the reasonableness of its assumptions and the outcome of the impairment test through sensitivity analysis, in particular on the WACC and on the expected cash flows. Taking into account the significant impairment losses made in previous years and the sensitivity of the main assumptions related to issues of an uncertain nature, used for the purposes of the impairment test, neither a positive or negative change of 5% in the benchmark spread of the cracker margin, neither a 20% positive or negative change in the WACC would have any economic impact.

Considering the significant write-downs made in previous years and despite the sensitivity of the main assumptions, relating to issues that are by their very nature uncertain, used for the purpose of the impairment test, a 5% positive or negative change in the cracker margin reference spread or in the contribution margin of Polyethylene,Ccompounding and Bio Chemistry over the medium to long term would have no economic impact. There is also no effect in the case or a positive or negative change of 20% in the WACC.

11. Equity-accounted investments

Equity-accounted investments are disclosed as follows:

(€ million)	Net opening balance	Acquisitions and subscriptions	Fair value adjustments	Effect of valuation using the equity method	Reclassifications	Other changes	Net ending balance
December 31, 2024							
Investments in:							
- subsidiaries	2	17		2			21
- associated companies	31						31
- joint ventures	43	34		(14)		(3)	60
	76	**51**		**(12)**		**(3)**	**112**
December 31, 2023							
Investments in:							
- subsidiaries	1	2		(1)			2
- associated companies	286	14		(29)	(240)		31
- joint ventures	40	32		(29)			43
	327	**48**		**(59)**	**(240)**		**76**

Acquisitions and subscriptions of €51 million relate to the payment to cover the losses of Lotte Versalis Elastomers (€34 million) and to the acquisition of the entire shareholding in Tecnofilm SpA (€17 million).

The negative effect from valuation of investments with the equity method of €12 million refers to the valuation of Lotte Versalis Elastomers for €14 million and to the positive effect from non-consolidated controlled subsidiaries of Finproject SpA and Biobag International for €2 million.

Other negative changes of €3 million mainly refer to exchange rate differences from the equity valuation of Lotte Versalis Elastomers.

Equity-accounted investments are held in the following companies:

(€ million)	December 31, 2024	December 31, 2023
Lotte Versalis Elastomers Co Ltd	61	43
Priolo Servizi ScpA	21	21
Tecnofilm SpA	17	
Ravenna Servizi Industriali ScpA	4	4
Servizi Porto Marghera Scarl	3	3
Brindisi Servizi Generali Scarl	1	1
IFM Ferrara ScpA	1	1
VPM Oilfield Specialty Chemicals Llc	1	1
BioBag Plastics Ltd	1	1
Padanaplast America Llc	1	...
BioBag Zenzo AS	1	...
BioBag Finland OY	...	1
Others	...	...
	112	**76**

The complete list can be found in the annexes to the Financial Statements.

12. Other investments

Other investments mainly relate to Exeltium SAS. The complete list can be found in the annexes to the Financial Statements.

13. Other non-current financial assets

Other financial assets of €1 million (same amount as at December 31, 2023) refer to financial receivables for loans to employees with the parent company Eni SpA.

14. Deferred tax assets

Deferred tax assets of €350 million (€90 million as at December 31, 2023) are net of countervailable deferred tax liabilities of €201 million (€208 million as at December 31, 2023) and of impairment losses of €914 million (of which, €825 million related to tax losses).

(€ million)	December 31, 2024	December 31, 2023
Deferred tax assets	551	298
Countervailable deferred tax liabilities	(201)	(208)
Net deferred tax assets	**350**	**90**

Income taxes are disclosed in note 34. The nature of temporary tax differences that gave rise to deferred tax assets is disclosed in the following table:

(€ million)	Amount as at Decemeber 31, 2023	Net increase	Net deductions	Amount as at Decemeber 31, 2024
Prepaid taxes:				
- non-deductible write-downs	393	40	(46)	387
- tax losses	771	54		825
- revaluation of tangible assets	124		(124)	
- provisions for risk and charges	59	58	(51)	66
- employee benefits	15		(2)	13
- leases	13			13
- other	36	125		161
Total prepaid taxes	**1.411**	**277**	**(223)**	**1.465**
(Write-down)/write-backs on deferred tax assets	(1.113)	(46)	245	(914)
Prepaid taxes net of write-downs	**298**	**231**	**22**	**551**
Deferred taxes:				
- excess amortisation/depreciation	187		(7)	180
- other	21	1	(1)	21
Total deferred taxes	**208**	**1**	**(8)**	**201**
Net deferred tax assets	**90**	**230**	**30**	**350**

The net increase in deferred income tax assets was mainly due to provisions for risks and charges, as well as provisions for asset write-downs that are not deductible according to tax regulations, partially offset by the utilisation of the same provisions for risks and charges and the reversal of asset write-downs.

The deferred tax assets previously written down were partially reinstated for €245 million, as they are recoverable pursuant to the National Tax Consolidation (CFN) regulations by offsetting the expected future taxable income of Versalis SpA's subsidiaries falling within the scope of the National Tax Consolidation. The calculation considered the expected taxable income over the next 12 years, a period composed of the years of the four-year plan 2025-2028, to which 8 years were added, determined using the same logic indicated in paragraph '10. Net write-backs (impairment loss) of tangible and intangible assets and right of use assets' with reference to the impairment test.

15. Other non-current assets

Other assets of €217 million (€12 million as a December 31, 2023) mostly relate to environmental costs to be charged back to third parties (€204 million), to the prepayment for the development contract in the field of plastics recycling in Porto Marghera, to be implemented in the following years (€9 million), to receivables due from personnel and to other tax receivables (€2 million).

Current liabilities

16. Short-term debt

Short-term debt of €227 million (€393 million as at December 31, 2023) mainly refer to financing granted by the parent company Eni SpA for €219 million and to payables to factoring companies for collections received from customers to be transferred to the factor, amounting to €5 million. Even if formally short-term, these loans are renewed at maturity for amounts that take into account the expected financial needs. The remainder part mainly refers to the financial exposure to banks of BioBag International and Novamont SpA (€1 million).

The average annual interest rate was 3,45% (2,98% as at December 31, 2023).

17. Current portion of long-term debt

For details on the current portion of long-term debt of €221 million (€315 million as at December 31, 2023), refer to note 21 - “Long-term lease liabilities and current portion of long-term debt”.

18. Trade and other payables

Trade and other payables are disclosed in the following table:

(€ million)	**December 31, 2024**	**December 31, 2023**
Trade payables	661	731
Other payables		
- related to investment activities	30	36
- other	292	120
	983	**887**

Trade payables of €661 million refer to payables due to third-party suppliers (€365 million), payables due to associated companies, joint ventures and other Eni Group subsidiaries (€177 million) and payables to the parent company Eni SpA (€119 million).

Payables from investment activities amount to €30 million and refer to maintenance activities on the plants of Versalis SpA.

Other payables of €292 million are mainly due to provisions for the purchase of emission rights (€149 million, of which €137 million are referred to Versalis SpA, €7 million to Versalis France, €4 million to Novamont SpA and €1 million to Matrica SpA), to personnel (€63 million), to social security institutions (€21 million), to the parent company Eni SpA for participation to Group VAT regime (€11 million), to factors (€9 million) and to consultants and professionals (€1 million).

Fair value measurement of trade and other payables does not have a significant impact, given the short period of time between the occurrence of the debt and its maturity.

Payables to related parties are disclosed in note 35.

19. Income tax payables

Income tax payables of €13 million (€20 million as at December 31, 2023) relate to the income taxes of foreign consolidated companies, such as Versalis Deutschland (€11 million), Foam Creations Mexico (€1 million) and BioBag Americas (€1 million).

20. Other current liabilities

Other current liabilities are disclosed as follows:

(€ million)	December 31, 2024	December 31, 2023
Deferrals on advanced income	24	13
Other current tax liabilities	16	22
Advances and prepayments	7	5
Fair value of non-hedging derivatives	2	3
	49	**43**

Other current liabilitites are mainly related to withholding taxes yet to be paid.

Fair value of derivatives (not classifiable as "hedging", but devoid of speculative purposes) is recorded on the basis of amounts that are determined and communicated by the parent company Eni SpA. Versalis holds derivative instruments that, despite not having speculative purposes, do not meet all the requirements of the IAS/IFRS principles to be considered as hedging derivatives.

Non-current liabilities

21. Long-term debt and current portion of long-term debt

Long-term debt, comprehensive of current portion of long-term debt, of €2.452 million (€2.197 million as at December 31, 2023) is detailed as follows:

	December 31, 2024			December 31, 2023		
(€ million)	Long-term portion	Short-term portion	Total	Long-term portion	Short-term portion	Total
Due to Eni SpA	2.227	216	2.443	1.871	314	2.185
Due to other lenders	4	5	9	11	1	12
	2.231	**221**	**2.452**	**1.882**	**315**	**2.197**

The average effective interest rate for the year was 2,16% (1,88% in 2023). For further details, refer to paragraph "Net financial debt and Leverage" of the Management Report.

The table below shows the maturity of long-term debt, inclusive of the current portion of long-term debt:

(€ million)	Values as at December 31		Long-term maturity						
Type	2023	2024	2025	2026	2027	2028	2029	Beyond	Total
Due to Eni SpA	2.184	2.436	216	488	755	584	400		2.443
Due to other lenders	13	16	5	1	1	1	1		9
	2.197	**2.452**	**221**	**489**	**756**	**585**	**401**		**2.452**

Financial liabilities are neither guaranteed by mortgages, nor privileges on tangible assets.

The breakdown of net borrowings displayed in the "Comments on the economic and financial results" in the "Management Report" is disclosed in the following table:

(€ million)

	December 31, 2024	December 31, 2023
A. Cash	159	184
B. Cash equivalents		
C. Other current financial assets	1	9
D. Liquidity (A+B+C)	**160**	**193**
E. Current financial debt	227	393
F. Current portion of non-current financial debt (leasing included)	227	319
G. Current financial debt (E+F)	**454**	**712**
H. Net current financial debt (G-D)	**294**	**519**
I. Non-current financial debt (lease liabilitites included)	2.287	1.938
J. Debt instruments		
K. Non-current trade and other payables		
L. Non-current financial debt (I+J+K)	**2.287**	**1.938**
M. Total financial debt (H+L)	**2.581**	**2.457**

22. Provisions for risks and charges

(€ million)	December 31, 2024	December 31, 2023
Provision for environmental risks	328	199
Provision for decommissioning and site restoration	40	
Provision for disposal and restructuring	28	45
Provision for redundancy incentives	4	1
Provision for Everen insurance cover	2	2
Provision for litigations	2	2
Other provisions	14	16
	418	**265**

Provisions for risks and charges are detailed as follows:

(€ million)	Opening balance	Increase	Utilization for charges	Surplus utilization	Other changes	Ending balance
December 31, 2024						
Provision for environmental risks	199	152	(23)	-	-	**328**
Provision for decommissioning and site restoration		40				**40**
Provision for disposal and restructuring	45		(7)	-	(10)	**28**
Provision for redundancy incentives	1	-	(8)	-	11	**4**
Provision for Everen insurance cover	2					**2**
Provision for litigations	1	1	-	-	-	**2**
Other provisions	17	1	(3)	-	(1)	**14**
	265	**194**	**(41)**	**-**	**-**	**418**
December 31, 2023						
Provision for environmental risks	169	58	(28)			**199**
Provision for decommissioning and site restoration	13	33			(1)	**45**
Provision for disposal and restructuring	2					**2**
Provision for redundancy incentives	2			(1)		**1**
Provision for Everen insurance cover	2	1			(2)	**1**
Provision for litigations	28				(28)	**0**
Other provisions	12	3	(2)		4	**17**
	228	**95**	**(30)**	**(1)**	**(27)**	**265**

Provision for environmental risks of €328 million relate to environmental charges on various company sites for the portion which is not under the guarantee issued by Eni Rewind SpA, upon the transfer of the “Strategic Chemical Activity" business. The increase in the provisions for environmental risks of €152 million are related to the revision of the estimates determined with an update of the costs to be borne and the period of implementation of the remediation project, on the basis of assessments conducted through internal and external investigations, with the contribution of companies specialised in remediation activities.

Provisions for decommissioning and site restoration of €40 million refer to the disposal operations to be carried out at the polyethylene site of Ragusa. With regard to the transformation and revitalisation plan, no additional provisions for risks and charges were set aside in connection with the Priolo and Brindisi sites because: (i) the plan does not envisage any redundancies and therefore no severance provisions have been taken into account, (ii) there are production transformation activities and not closure activities, and the company has no obligation to dismantle the plants, (iii) the closure of the cracking plants would entail the incurrence of costs for ‘securing’ the plants, which are considered as operating costs. These costs are not required by law and can be considered as an alternative to monitoring the areas, (iii) as of today, no final decisions have yet been made as to what will be done at the sites undergoing conversion, and (iv) the plants are still running today and even after the shutdown, it would be possible to restart production.

Provisions for disposal and restructuring of €28 million mainly refer to the disposal of the Grangemouth (€16 million) and Sarroch (€8 million) sites and to the restructuring of the Porto Marghera site (€4 million).

Provisions for redundancy incentives of €4 million refer to expenses for ordinary mobility of personnel.

Provisions for Everen (former OIL) insurance cover of €2 million relate to the expenses for the surcharge on insurance premiums to be paid in the next five financial years to "Mutua Assicurazione Oil Insurance Ltd" in which the Eni Group, along with other oil companies, has an interest.

Provisions for legal proceedings of €2 million covers labor disputes.

Other provisions of €14 million mainly include mobility grants of €7 million, social security contributions and severance indemnities related to the deferred monetary incentives for managers of €3 million.

23. Provisions for employee benefits

Provisions for employee benefits of €64 million are detailed as follows:

(€ million)	December 31, 2024	December 31, 2023
Severance indemnity	30	32
Supplementary healthcare provision for Eni managers and other foreign medical plans	9	10
Foreign retirement plans	(1)	(2)
Other employee benefit plans	26	27
	64	**67**

Employee severance indemnities ("TFR") are regulated by Art. 2120 of the Italian Civil Code and represent the obligation, calculated on the basis of actuarial techniques, due to employees of Italian companies at the moment of termination of their employment. The indemnity, to be paid in capital lump sum, is calculated on the basis of the salary paid and revalued annually up until termination of employment. Following the legislative changes introduced with effect from January 1, 2007, the amount of severance indemnity accruing after that date is placed into pension funds, or into the treasury fund held by the Italian Pension Agency (INPS) or, in the case of companies with fewer than 50 employees, it can be placed with the employer. This means that a significant portion of this accruing amount will be classified as a defined contribution plan, because the entity's obligation corresponds exclusively to the payment of contributions to pension fund or to the INPS. The liability for termination indemnities set aside prior to January 1, 2007 continues to be a defined-benefit plan and must be assessed based on actuarial assumptions.

The liabilities related to the supplementary healthcare fund for Eni Group managers ("FISDE") and other foreign healthcare plans are determined on the basis of the contribution paid by the company for retired managers.

Other provisions for long-term employees benefit plans mainly relate to deferred monetary incentives, LTI plan and seniority rewards. Deferred monetary incentive plans are based on the estimate of variable remuneration, related to business performances, to be corresponded to managers who meet predetermined individual targets.

The main terms of Eni's incentive plans for the executives who are awarded with shares at the closing of fiscal year 2024 are shown below.

Specifically, the Shareholders' Meeting at its meetings on May 13, 2020 and May 10, 2023 approved the Long-Term Incentive Plans 2020-2022 and 2023-2025, respectively, vesting the Board of Directors with all powers necessary to implement the Plans and authorizing it to dispose of up to a maximum of 20 million treasury shares to service the 2020-2022 Plan and 16 million treasury shares to service the 2023-2025 Plan.

The Long-Term Incentive Plans provide for three assignments of ordinary shares each (respectively, in the years 2020, 2021 and 2022 and in the years 2023, 2024 and 2025) and are intended for the chief executive officer of Eni SpA and for the executives of Eni SpA and its subsidiaries falling within the scope of "critical managerial resources for the business", identified among those who occupy the positions most directly responsible for company results or who are of strategic interest, including executives with strategic responsibilities.

The Plans provide for the assignment of Eni shares, free of charge, to the beneficiaries at the end of a three-year vesting period, provided that they have remained in service. Consistently with the substantial nature of the remuneration, pursuant to the provisions of the international accounting standards, the cost of the plans is determined with reference to the fair value of the instruments assigned and the forecast of the number of shares to be assigned at the end of the vesting period; the cost is recognized on a pro-rata temporis basis over the vesting period.

With reference to the 2020-2022 Plan, the number of shares that will be assigned at maturity depends: (i) for 25%, on a market target related to the three-year Total Shareholder Return (TSR) measured by the difference, over the three-year period, between the TSR of the Eni stock and the TSR of the FTSE Mib index of Borsa Italiana, adjusted for Eni's correlation index, compared with the similar differences recorded for each company in a group of Eni's competitors ("Peer Group"); (ii) for 20% by an industrial target measured in terms of the annual unit value ($/boe) of the Net Present Value of certain reserves (NPV), compared with the similar values recorded for the companies in the Peer Group, with the final result equal to the average of the annual results over the three-year period; (iii) for 20% by an economic/financial objective measured on the cumulative Organic Free Cash Flow (FCF) over the three-year period of reference, achieved in comparison with the equivalent cumulative value envisaged in the first 3 years of the Strategic Plan approved by the Board of Directors in the year of allocation; (iv) for the remainder (35%) by an environmental sustainability and energy transition target consisting of: (a) for 15% by a decarbonisation target measured by the actual value at the end of the three-year period of the Intensity of upstream GHG emissions Scope 1 and Scope 2 equity (tCO_2eq/kboe), compared to the equivalent value envisaged at year 3 of the Strategic Plan approved by the Board of Directors in the year of allocation; (b) for 10% by an energy transition target measured at the end of the three-year period in terms of megawatts of installed capacity of electric generation from renewable sources compared to the same value envisaged at year 3 of the Strategic Plan approved by the Board of Directors in the year of allocation; (c) for 10% by a circular economy target measured in terms of progress at the end of the three-year period of three relevant projects compared to the progress envisaged at year 3 of the Strategic Plan approved by the Board of Directors in the year of allocation.

With reference to the 2023-2025 Plan, the number of shares that will be awarded at maturity depends: (i) for 25%, by a three-year market target linked to the Total Shareholder Return (TSR) of the Eni share compared with that of peers (‘Peer Group’) considering the TSR trends of reference stock markets; (ii) for 40% by an economic/financial objective measured as the cumulative value of the organic Free Cash Flow (FCF) over the three-year reference period, compared with the equivalent cumulative value envisaged in the first 3 years of the Strategic Plan approved by the Board of Directors in the year of allocation; (iii) for the remaining part (35%) by an environmental sustainability and energy transition objective articulated in three three-year objectives, namely: (a) for 10% by a decarbonization target measured in terms of net upstream scope 1 and scope 2 equity GHG emissions (tCO_2eq) at the end of the three-year reporting period compared to the homologous value provided at year 3 of the Strategic Plan approved by the Board of Directors in the year of allocation; (b) for 15% by an energy transition target calculated as installed electric generation capacity from renewable sources in terms of megawatts and biojet fuel production capacity in terms of ktons, both evaluated against the homologous values provided at the end of Year 3 of the Strategic Plan approved by the Board of Directors in the year of allocation; (c) for 10% by a circular economy target measured in terms of the percentage value of vertical integration of Agribusiness for biojet fuel production at the end of the three-year performance period compared with the values forecasted at the end of Year 3 of the Strategic Plan approved by the Board of Directors in the year of allocation.

Based on the development of the performance parameters above, the number of shares that will be offered for free after three years after grant may be between 0% and 180% of the number of shares initially granted. 50% of the shares that will actually be granted to each grantee in service will be subject to a lock-up clause that prevents their transfer for: (i) 1 year from the grant date for the 2020-2022 Long-Term Incentive Plan; (ii) for 2 years from the grant date for the 2023-2025 Long-Term Incentive Plan.

On the grant date, Versalis SpA managers were granted by Eni a total of: (i) 116.830 in 2024; the weighted average fair value of these shares on the same date was 11,37 euros per share; (ii) in 2023, 130.588 shares; the weighted average fair value of these shares on the same date was 10,82 euros per share; (iii) in 2022, 152.001 shares; the weighted average fair value of these shares on the same date was 9,20 euros per share.

To the managers of Group companies (in particular, Novamont SpA, Finproject SpA and Dunastyr), on the grant date were granted by Eni: (i) in 2024, 13.782 shares; (ii) in 2023, 14.168 shares; (iii) in 2022, 1.635 shares.

The fair value was determined by adopting appropriate valuation techniques having regard to the different performance parameters provided by the plans (stochastic method with reference to both Long-Term Incentive Plans in place) taking into account, essentially, the value of the Eni stock on the grant date (€15.482 and €15.068 depending on the grant date for the 2023 grant; €12.918 and €14.324 depending on the grant date for the 2022 grant; €12.164 and €11.642 depending on the grant date for the 2021 award), reduced by the expected dividends over the vesting period (6,6% and 6,8% for the 2023 award; 6,8% and 6,1% for the 2022 award; and 7,1% and 7,4% for the 2021 award of the share price on the grant date), considering the volatility of the stock (28,2% and 28,4% for the 2023 award; 30% and 31% for the 2022 award; 44% and 45% for the 2021 award), the forecasts for the trend of performance parameters, as well as the lower value attributable to shares characterized by the transferability restriction at the end of the vesting period (so-called lock-up period).

Costs related to Long-Term Incentive Plans, which are recognized as a component of labor costs as they pertain to company employees, amount to €1 million (€1 million in 2023 and less than €1 million in 2022) with a balancing entry in equity reserves.

The Shareholders' Meeting held on May 15, 2024 approved the “Piano di Azionariato Diffuso” with the aim of strengthening Eni employees' sense of belonging to the company and promoting participation in the growth of corporate value, in line with shareholders' interests. The Plan provides for three annual grants in the period 2024-2026 to employees of Eni and its subsidiaries.

For the year 2024, free shares have been granted by Eni to tenured employees in Italy (approximately 22.000) that cannot be transferred and/or sold by employees for 3 years from the grant date (lock-up period). In the event of resignation or disciplinary dismissal during the lock-up period, a penalty equal to the monetary equivalent of the free shares at the grant date will be paid.

Employees of the Versalis Group on the grant date (November 27, 2024) were granted a total of 677.198 shares by Eni in 2024. Consistent with the substantial nature of remuneration, in accordance with the provisions of International Accounting Standards, the cost of the plan is determined by reference to the fair value of the shares at the grant date. The cost will be recognised on a pro-rata temporis basis over the three-year reference period.

Costs related to the "Piano di Azionariato Diffuso", recognised as a component of labour cost with a counter-entry to equity reserves, amount to €281.907.

Employee benefit provisions, valued by applying actuarial techniques, are analyzed as follows:

	December 31, 2024				
(€ million)	TFR	Foreign defined benefit plans	FISDE and foreign healthcare plans	Other provisions for long-term employee benefits	Total
Present value of obligations at the beginning of the year	**32**	**(2)**	**10**	**23**	**63**
Current service cost		1		6	7
Interest cost	1	1		1	3
Remeasurements:		(1)			(1)
- actuarial gains and losses due to changes in financial assumptions		(1)			(1)
- experience gains and losses					
Costs for past services	(2)	(1)		(4)	(7)
Benefits paid	(1)				(1)
Effect of business combinations, divestments, transfers		1			1
Currency translation differences and other changes					
Present value of benefit liabilities at the end of the year (a)	**30**	**(1)**	**10**	**26**	**65**
Plan assets at the beginning of the year					
Interest income		1			1
Return on plan assets		(2)			(2)
Contributi del datore di lavoro	2		2	4	8
Benefits paid	(2)		(1)	(4)	(7)
Currency translation differences and other changes		1			1
Plan assets at the end of the year (b)			**1**		**1**
Redemption rights at the end of the year (c)		**(1)**			**(1)**
Assets/liabilities ceiling at the end of the year (d)					
Net liability recognized in the financial statements (a-b±d)	**30**	**(1)**	**9**	**26**	**64**

(€ million)	December 31, 2023 TFR	Foreign defined benefit plans	FISDE and foreign healthcare plans	Other provisions for long-term employee benefits	Total
Present value of obligations at the beginning of the year	**33**	**(2)**	**10**	**22**	**63**
Current service cost				3	3
Interest cost	1	1		1	3
Remeasurements:	1	2		(1)	2
- actuarial gains and losses due to changes in financial assumptions	1	1		(1)	1
- experience gains and losses		1			1
Costs for past services				10	10
Benefits paid	(5)	(2)		(8)	(15)
Effect of business combinations, divestments, transfers	1				1
Currency translation differences and other changes	1				1
Present value of benefit liabilities at the end of the year (a)	**32**	**(1)**	**10**	**27**	**68**
Plan assets at the beginning of the year					
Interest income		1			1
Return on plan assets					
Contributions of the employer to the plan	6	1	1	8	16
Benefits paid	(6)	(1)	(1)	(8)	(16)
Currency translation differences and other changes					
Plan assets at the end of the year (b)		**1**			**1**
Redemption rights at the end of the year (c)					
Assets/liabilities ceiling at the end of the year (d)					
Net liability recognized in the financial statements (a-b±d)	**32**	**(2)**	**10**	**27**	**67**

Other provisions for long-term employee benefits of €26 million (€27 million as at December 31, 2023) primarily concern the "Contratto di Espansione" for €9 million (€12 million as at December 31, 2023), deferred monetary incentives for €12 million (€8 million as at December 31, 2023) and seniority rewards for €5 million (same amount as at December 31, 2023). Costs related to liabilities for employee benefits, determined using actuarial assumptions and recorded in the income statement are detailed as follows:

(€ million)	TFR	Foreign defined benefit plans	FISDE and foreign healthcare plans	Other provisions for long-term employee benefits	Total
December 31, 2024					
Current service cost		1		6	7
Net interest expense (income):					
- Interest expense on the obligation	*1*	*1*		*1*	*3*
- Interest income on plan assets		*1*			*1*
Total net interest expense (income)	1			1	2
Total	**1**	**1**		**7**	**9**
- of which included in payroll costs		*1*		*6*	*7*
- of which included in financial gains (losses)	*1*			*1*	*2*
December 31, 2023					
Current service cost				3	3
Costs for past services and gains/losses for extinction			1	10	11
Net interest expense (income):					
- Interest expense on the obligation	*1*	*1*		*1*	*3*
- Interest income on plan assets		*1*			*1*
Total net interest expense (income)	1			1	2
Other costs				(1)	(1)
Total	**1**		**1**	**13**	**15**
- of which included in payroll costs			*1*	*13*	*14*
- of which included in financial gains (losses)	*1*				*1*

Costs of defined-benefit plans included in the other comprehensive income/loss section are detailed as follows:

	December 31, 2024				December 31, 2023			
(€ million)	TFR	Foreign defined benefit plans	Other provisions for long-term employee benefits	Total	TFR	Foreign defined benefit plans	Other provisions for long-term employee benefits	Total
Remeasurements:								
- Actuarial gians and losses from changes in financial assumptions		(2)		(2)	(1)	1	1	1
- Experience gains and losses						1		1
- Return on plan assets		2		2				
					(1)	**2**	**1**	**2**

The main actuarial assumptions used to assess the liability at the end of the year and to determine the cost for the following period are disclosed as follows:

(%)	TFR	Foreign defined benefit plans	FISDE and foreign healthcare plans	Other provisions for long-term employee benefits
2024				
Discount rate	3,1	3,3-5,4	3,1	2,8
Salary growth-trend rate	3,0	2,0	2,0	2,0
Inflation rate	2,0	2,0-3,5	2,0	2,0
2023				
Discount rate	3,7	3,7-3,8	3,7	3,4-3,8
Salary growth-trend rate	3,4			
Inflation rate	2,4	2,0-2,2	2,4	2,0-2,2

The discount rate was determined on the basis of AA-rated corporate bond yields, for countries where the corresponding market is significant enough, otherwise on the basis of government bonds. Reference demographic charts are the ones used in each country to determine benefits for employees according to IAS 19. Inflation rate was determined on the basis of long-term forecasts issued by national and international financial institutions.

The effects deriving from a reasonably possible modification of the main actuarial assumptions at the end of the year are shown below:

	Discount rate		Inflation rate	Cost of living trend
(€ million)	Increase of 0,5%	Decrease of 0,5%	Increase of 0,5%	Increase of 0,5%
TFR	(1)		1	
Foreign defined benefit plans	(1)			
FISDE and other healthcare plans	(1)		1	
Other provisions				

The total contributions expected to be paid into defined-benefit plans in the next year amount to €13 million.

24. Deferred tax liabilities

Deferred tax liabilities of €24 million (€29 million as at December 31, 2023) mainly refer to the tax effect of the higher cost paid for the acquisition of Finproject Group and Novamont Group, which has been allocated to intangible assets.

25. Other non-current liabilities

Other non-current liabilities of €9 million (€10 million as at December 31, 2023) refer to deferred income on multi-year revenues.

26. Shareholders' equity

Negative shareholders' equity of €316 million (€147 million as at December 31, 2023) is disclosed as follows:

(€ million)	December 31, 2024	December 31, 2023
Share capital	200	300
Legal reserves		
Other reserves	(217)	(158)
Gains (losses) from previous years	472	999
Gains (losses) of the year	(771)	(1.288)
	(316)	**(147)**

Net equity amounts to €316 million and decreases by €169 million compared to previous year. The variation was due to the following factors:

- net loss of the year of €771 million
- payment by the sole shareholder of €600 million, of which €92 million to cover losses carried forward and €508 to other capital reserves.

For further information on capital management, see the paragraph "Financial Risk Management – Capital Management".

Share capital. Share capital consists of 200.000.000 shares without par value and exclusively owned by Eni SpA. Paid capital amounts to €200 million and has been reduced due to losses from the previous year of €100 million.

Legal reserve. The legal reserve was zeroed in the past years.

Other reserves. Other negative reserves for €217 million mainly include the negative consolidation reserve for €197 million, the negative reserve for exchange rate differences from translations of financial statements in currencies other than the Euro for €21 million and the reserve for actuarial gains of €1 million.

27. Guarantees, commitments and risks

Guarantees

Guarantees are detailed as follows:

	December 31, 2024			December 31, 2023		
(€ million)	Sureties	Other personal guarantees	Total	Sureties	Other personal guarantees	Total
Guarantees		152	152		145	145
		152	**152**		**145**	**145**

Other personal guarantees of €152 million are primarily related to indemnities granted to Eni SpA and Eni Rewind SpA, which in turn granted guarantees in favour of third parties on behalf of the Versalis Group companies.

Effective commitment as at December 31, 2024, amounts to €155 million.

Commitments and risks

Commitments and risks are detailed as follows:

(€ million)	December 31, 2024	December 31, 2023
Risks		
Third party assets in custody	9	7
Other risks	39	39
	48	**46**

Other risks mainly refer to costs related to the divestment of the Aromatici business of Sarroch in 2014.

Income statement

28. Revenues

The main items that compose the income statement are detailed below. The most significant changes in revenues are disclosed in the "Comments on financial results" of the Management Report.

Net sales from operations

Net sales from operations are detailed in the table below:

(€ million)	2024	2023
Sales of petrochemical products	3.803	3.790
Other services	142	160
Sales of other products	312	286
	4.257	**4.236**

The breakdown of net sales among business lines is shown in the section "Comments to financial results" of the Management Report. The geographical breakdown of net sales from operations is the following:

(€ million)	2024	2023
Italy	1.997	2.051
Rest of Europe	1.895	1.792
Asia	149	149
Americas	134	146
Africa	76	96
Other areas	6	2
	4.257	**4.236**

Other income and revenues

Other income and revenues are detailed as follows:

(€ million)	2024	2023
Charge-backs of environmental costs to third parties	271	
Income from emission rights	165	50
Recovery of other costs and expenses	61	24
Insurance compensations	11	21
Contractual penalties	9	1
Licence rights and royalties	6	29
Income from sale of Energy Efficiency Certificates	5	
Capital gain from disposal of assets	4	6
Income from investment properties	2	5
Other	12	16
	546	**152**

The charge-backs to third parties derive from an agreement with an Italian operator for the sharing on an equal basis of the environmental costs incurred at a number of Italian sites, jointly managed in the late 1980s and early 1990s by the two partners and at which remediation activities were subsequently carried out and the relative costs borne entirely by Versalis SpA.

Income from emission rights refers to the sale of free emission rights allocated in 2024, against which the forward purchase of useful CO_2 allowances to meet the year's compliance was simultaneously activated.

The recovery of other costs and expenses refers to the chargeback of operating expenses to Eni Rewind SpA in virtue of the guarantees issued at the time of conferral in 2002 of the “Strategic Chemical Activities” business unit (€38 million) and to the chargeback of sundry costs and expenses to other companies working at the Group’s production sites (€13 million)

29. Operating expenses

The most significant items that compose operating expenses are detailed as follows:

Purchases, services and other costs

Purchases, services and other costs are disclosed in the table below:

(€ million)	2024	2023
Production costs - raw, ancillary and consumable materials and goods	3.054	2.962
Service costs	1.552	1.475
Other expenses	229	92
Net provisions for risks and charges	161	63
Leasing and rental charges	29	40
Increase (decrease) in allowance for doubtful accounts	8	(5)
Increase (decrease) in fixed assets for internal works	(1)	(9)
Changes in inventories	(8)	171
	5.024	**4.789**

Costs for raw materials, ancillary materials, consumables and goods amounting to €3.054 million mainly refer to the purchase of Virgin Nafta and other raw materials used in the production cycle.

Service costs of €1.552 million mainly refer to costs for utilities (€727 million), logistics and transport (€287 million), maintenance (€156 million), ICT, supplying and administrative centralized services (€91 million), environmental services provided by Eni Rewind (€ 72 million), consulting and industrial services (€57 million), professional services (€24 million) and industrial insurance (€9 million).

Other expenses of €229 million mainly include costs for the purchase of emission rights (€162 million), charges for the restoration of the furnace at the Dunkirk site (€18 million), indirect taxes and duties (€14 million), charges paid to the “Cassa per i Servizi Energetici” (€12 million), customs duties (€6 million) and membership fees (€4 million).

Information on provisions for risks and charges is provided in Note 22.

Leasing and rental charges of €29 million mainly include leases of land and buildings of Versalis SpA (€14 million) and Versalis International (€2 million), expenses for concessions and licenses (€9 million) and leases of modest value (€1 million).

Change in inventories is expressed as the sum of the change in working capital and utilization of the provision for inventory write-downs. Further information relating to the change in inventories is indicated in note 4.

Research and development costs that do not meet the conditions established for their capitalization amount to €37 million (€41 million in 2023). This amount is to be considered net of the contribution deriving from the tax credit of €2 million, provided for by law no. 160/2019 and extended by the recent law no. 234/2021.

Payroll and related costs

Payroll and related costs are detailed as follows:

(€ million)	2024	2023
Payroll	373	365
Social security contributions	100	98
Provisions for severance pay (TFR)	18	17
Costs related to defined benefit plans and defined contribution plans	5	15
Other costs	8	7
	504	**502**
Less:		
Increase in fixed assets for internal work	(8)	(9)
	496	**493**

Expenses for defined-contribution and defined-benefit plans are analyzed in Note 23.

Compensations for persons responsible for the planning, direction and control functions of the company, including executive and non-executive directors, managers and senior managers with strategic responsibilities (so-called key management personnel) in office as at December 31, 2024 amount to €5 million and are disclosed as follows:

(€ million)	2024	2023
Payroll	3	3
Costs related to employee benefits	2	2
	5	**5**

The average number of employees, splitted up by category, is the following:

	2024	2023
Senior management	138	122
Middle management and staff	4.164	3.881
Workers	3.364	3.271
	7.666	**7.274**

The average number of employees is calculated as a semi-sum of the employees of Versalis group at the beginning and at the end of the period, on a constant basis of consolidation compared to 2023. The average number of executives includes managers hired and operating abroad whose organizational position is similar to the position of executive.

30. Other operating income (expenses)

There were no other operating expenses nor income during the year.

31. Depreciation, amortization and impairment

Depreciation, amortization and impairment include the following:

(€ million)	2024	2023
Depreciation and amortization:		
- Property, plant and equipment	58	67
- Intangible assets	63	33
- Lease assets	4	5
	125	**105**
Impairment losses (restatements):		
- Property, plant and equipment	161	367
- Intangible assets	2	4
- Lease assets		34
	163	**405**
	288	**510**

Information on restatements of tangible, intangible and right of use assets is disclosed in Note 8. Depreciation ratios of tangible assets are shown in Note 7, while ratios of intangible assets are shown in Note 9.

32. Financial income (expenses)

Financial income (expenses) is detailed as follows:

(€ million)	2024	2023
Financial income	77	63
Financial expenses	(151)	(118)
Derivatives	6	(4)
	(68)	**(59)**

The net value of financial income (expenses) breaks down as follows:

(€ million)	2024	2023
Financial income (expenses) on net financial debt		
- Interest and other expenses towards Eni Group companies	(70)	(53)
- Interest income from banks		
Positive (negative) exchange rate differences		
- Positive exchange rate differences	70	58
- Negative exchange rate differences	(71)	(61)
Derivatives	6	(4)
Other financial income and expenses		
- Capitalized financial expenses	5	2
- Interest and other income on financial receivables and securities related to operations		5
- Other financial income (expenses)	(8)	(6)
	(68)	**(59)**

Net income (expenses) on derivatives relate to derivative contracts that do not meet the formal conditions to be classified as "hedges" as specified by IFRS 9 and, therefore, the related fair value changes are stated in the income statement. Net income on derivative instruments refers to contracts on currencies.

Income (expenses) on derivative contracts is determined as a result of the recognition in the income statement of the effects related to the fair value measurement of derivative contracts that cannot be considered as hedging under IFRS, as they are realized for amounts corresponding to the net exposure of foreign exchange and interest rate risks and, therefore, not referable to specific commercial or financial transactions. The same lack of formal requirements for being considered derivative hedging contracts entails the recording of the net payable exchange differences, given that the effects of the adjustment of assets and liabilities in foreign currencies to the year-end exchange rate are not offset in the accounts by the change in fair value of the derivative contracts.

33. Income (expenses) from investments

Income (expenses) from investments is detailed as follows:

(€ million)	**2024**	**2023**
Effects from measurement at equity method	(12)	(58)
Gains (losses) from disposals	21	
Other net income (expenses)		2
	9	**(56)**

The gain on disposal of €21 million relates to the sale of Versalis Americas to Eni International B.V.

34. Income taxes

Income taxes are detailed as follows:

(€ million)	**2024**	**2023**
Current taxes:		
- Italian companies		(227)
of which income from tax consolidation		(221)
- foreign companies	5	6
	5	**(221)**
Net deferred (prepaid) taxes:		
- Italian companies	(261)	(11)
- foreign companies	(37)	1
	(298)	**(10)**

Net deferred tax assets are disclosed in Notes 14 and 24. The difference between the theoretical tax rate and the effective rate for the last two periods is detailed as follows:

(%)	2024	2023
Theoretical tax rate	**26,1**	**31,3**
Items increasing (decreasing) compared to theoretical tax rate:		
- (impairments) restatements of prepaid taxes	(1,8)	(12)
- income (expenses) from investments	1,9	(4)
- permanent tax differences		(3,6)
- different tax burden on foreign companies		(0,8)
- benefits from the application of tax relief rules	0,2	0,3
- previous years taxes	(0,2)	
- other changes	1,3	4
Total changes	**1,4**	**(15,9)**
Effective tax rate	**27,5**	**15,4**

35. Related party transactions

Transactions with related parties carried out by Versalis SpA mainly regard the trading of goods, the provision of services, the provision/receipt of funding and the use of financial resources with the parent company Eni SpA and with companies directly or indirectly controlled by the latter, as well as with its own nonconsolidated subsidiaries and associated companies, and with other companies owned or controlled by the Italian State, as better explained further. All the transactions are part of core operations are carried out in the best interest of Versalis Group.

The main transactions (i.e. revenues-costs exceeding €5 million) were carried out with the following companies:

a) Eni SpA: purchase of natural gas; sale of basic chemicals and transactions of an administrative and financial nature, sale of electricity, procurement and information technology services, legal services, research services and services for personnel, treasury services and administrative activities;
b) BBI Sverige AB e BioBag Zenzo AS (nonconsolidated controlled by Versalis SpA): marketing and sales of products and services in the field of Biochemistry business;
c) Finproject Viet Nam (nonconsolidated controlled by Versalis SpA): marketing and sales of products and services in the field of compounding business;
d) Brindisi Servizi Generali Scarl, Ravenna Servizi Industriali ScpA, Servizi Porto Marghera Scarl and Priolo Servizi Scarl (associate companies of Versalis SpA): supply of general and auxiliary services at sites where Versalis SpA is also present;
e) Ecofuel SpA (controlled by Eni SpA): sale of olefin cycle products, transactions deriving from rental of the MTBE/ETB and BTH" business unit in Ravenna;
f) Eni Gas & Power France SA (controlled by Eni Plenitude SpA): sale of gas;
g) Eni Global Energy Markets SpA (Controlled by Eni SpA): purchase of energy certificates;
h) Eni Insurance DAC (controlled by Eni SpA): insurance cover for risks;
i) Enilive SpA (controlled by Eni SpA): purchase of oil fillers and Virgin Naphtha for cracking plants;
j) Eni Petroleum Co Inc, Eni Congo SA, Eni Mexico S. de RL de CV, (controlled by Eni SpA): marketing of oilfield

products and services;

k) EniPower SpA (controlled by Eni SpA), EniPower Mantova SpA and Società EniPower Ferrara Srl (controlled by EniPower SpA): purchase of electricity and steam; provision of auxiliary and general services;

l) EniServizi SpA (controlled by Eni SpA): provision of general services;

m) Eni Rewind SpA (controlled by Eni SpA): marketing of products, purchase and sale of products and exchange of services and utilities;

n) Eni Trade & Biofuels SpA (controlled by Eni SpA):): transport by sea, purchase and sale of raw materials of basic chemical products, as well as derivative contracts on commodities;

o) Lotte Versalis Elastomers Co Ltd (joint venture): marketing of products and services;

p) Versalis Americas (controlled by Eni Petroleum Co. Inc.): marketing and sales of products and services;

q) Gruppo Enel: supply of utilities in the sites where Finproject is present;

r) Gruppo Ferrovie dello Stato: rail transport;

s) GSE - Gestore dei Servizi Energetici: incentives relating to the production of electricity from renewable sources.

An analysis of transactions of a commercial and other nature with the parent company, unconsolidated subsidiaries, associates and joint ventures, and other companies owned or controlled by Eni SpA or the State is as follows:

Company name	Receivables and other assets	Paybles and Other liabilities	Derivatives	Goods	Services	Other costs	Goods	Services	Other income
Other Companies									
BBI Sverige AB					1		5		1
BioBag Finland OY							1		
BioBag Norge AS							2		
BioBag Plastics Ltd							1		
BioBag Zenzo AS							5		1
Finproject Viet Nam Co Ltd	6	1		9			2		
Padanaplast America Llc							1		
Tecnofilm	1						1		
Subtotal	**7**	**1**		**9**	**1**		**18**		**2**
Associate Companies									
Brindisi Servizi Generali Scarl		1			8				1
IFM Ferrara ScpA					5				
Priolo Servizi ScpA		(11)			13				
Ravenna Servizi Industriali ScpA	8	8			11		1		2
Servizi Porto Marghera Scarl		10			14				
Subtotal	**8**	**8**			**51**		**1**		**3**
Joint Ventures									
Lotte Versalis Elastomers Co Ltd	4	4		16				2	1
Subtotal	**4**	**4**		**16**				**2**	**1**
Parent Company									
ENI S.p.A.	29	136	1	24	612	5	20	62	8
Subtotal	**29**	**136**	**1**	**24**	**612**	**5**	**20**	**62**	**8**
Eni Group Companies									
Azule Energy Angola SpA	4						3	1	
CePIM-Centro Padano Interscambio Merci					2				
Coral FLNG SA							1		
Ecofuel Spa	20	3		38		2	112	14	
Eni Congo SA	24						13	12	1
Eni Corporate University SpA		1			1				
eni gas & power France SA		2			10				
Eni Ghana Exploration and Production Ltd							2		
Eni Global Energy Markets SpA						2			174
Eni Insurance Designated Activity Co					8				10
Eni International Resources Ltd		1							
Eni Mediterranea Idrocarburi SpA	1						1	1	
Eni Mexico S. de RL de CV	5						7		
Eni Plenitude SpA Società Benefit									1
Eni Plenitude Renewables Italy SpA									3
Eni Petroleum Co Inc					1		14		
Eni Rewind SpA	30	58			99	1		4	38
Enilive SpA	1	17		219	(1)		1		
Eni Trade & Biofuels SpA	3	116		600	108	2	54		
Eni UK Ltd	37						1	1	
EniPower Mantova SpA	1							4	
EniPower SpA	3	1			2			7	2
EniServizi SpA		3			6	2			
LabAnalysis Environmental Science Srl					1				
Raffineria di Gela SpA	2							1	
Societa' EniPower Ferrara Srl					3				
Versalis Americas Inc (da 08.2024)	6						11		
Subtotal	**137**	**202**		**857**	**240**	**9**	**220**	**45**	**229**
State owned or State-controlled companies									
Enel		2			7				
Ferrovie Dello Stato		2			6	1			
Gruppo Sace		2							
Gruppo Snam									1
GSE - Gestore Servizi Elettrici	4						1		5
Saipem SpA							2		
Terna SpA					1			1	
Subtotal	**4**	**6**			**14**	**1**	**3**	**1**	**6**
Total	**189**	**357**	**1**	**906**	**918**	**15**	**262**	**110**	**249**

Financial transactions with the parent company, non-consolidated subsidiaries, associated companies and jointly controlled companies and with other companies owned or controlled by Eni SpA include the following:

(€ million)	31.12.2024		31.12.2024		
Company name	**Receivables**	**Payables**	**Costs**	**Revenues**	**Derivatives**
Parent Company					
Eni SpA	45	2.655	(72)	5	6
Eni Group companies					
Banque Eni SA	9				
Total	**54**	**2.655**	**(72)**	**5**	**6**

The impact of transactions and balances with related parties on the Group’s balance sheet is disclosed in the table below:

	31.12.2024			31.12.2023		
(€ million)	Total	Related parties	%	Total	Related Parties	%
Cash and cash equivalents	159	54	34	184	91	49
Trade and other receivables	612	189	31	840	359	43
Other current assets	46	3	7	37	2	5
Other financial assets	1			9		
Other non-current financial assets	1			1	1	65
Short-term financial liabilities	227	219	96	393	321	82
Trade and other payables	983	357	36	887	327	37
Other current liabilities	49	2	4	43	11	26
Long-term financial liabilities	2.231	2.220	100	1.882	1.870	99
Short-term portions of long-term financial liabilities	221	216	98	315	314	100

The impact of transactions with related parties on the income statement is shown in the table below:

	31.12.2024			31.12.2023		
(€ million)	Total	Related parties	%	Total	Related parties	%
Revenues from operating activities	4.257	372	9	4.236	362	9
Other income	546	249	46	152	92	61
Purchase, services and other costs	(5.016)	(1.839)	37	(4.794)	(1.712)	36
Payroll and related costs	(496)			(493)		
Financial income	77	5	6	63	3	5
Financial expenses	(151)	(72)	48	(118)	(55)	47

The main cash flows with related parties are disclosed in the following table:

(€ million)	**2024**	**2023**
Revenues and other income	621	454
Expenses and other costs	(1.839)	(1.712)
Changes in trade and other receivables and in other assets	169	(168)
Changes in trade and other payables and in other liabilities	21	(56)
Dividends, interest and taxes	158	
Net cash flow from operating activities	**(870)**	**(1.482)**
- Investments and securities	(51)	
- Financial receivables	(1)	(26)
- Changes in payables and receivables related to investment activities	10	
Cash flow from investments	*(42)*	*(26)*
Net cash flow from investment activities	**(42)**	**(26)**
- Changes in financial debt	150	448
- Capital injection	600	1.071
Net cash flow from financing activities	**750**	**1.519**

The impact of financial flows with related parties is disclosed in the table below:

(€ million)	2024 Total	2024 Related parties	2024 %	2023 Total	2023 Related parties	2023 %
Net cash flow from operating activities	(489)	(870)	n.s.	(692)	(1.482)	n.s.
Net cash flow from investment activities	(229)	(42)	18	(599)	(26)	4
Net cash flow from financing activities	691	750	109	1.373	1.519	111

36. Public funds - Statement ex art. 1, paragraphs 125-129, Law no. 124/2017

The following are disbursements granted related mainly to foundations, associations and other entities for reputational purposes, donations and support for charitable and solidarity initiatives::

Beneficiary	Amount paid (€)
Casa Bethlem di Macerata	25.000
Croce Rossa Italiana - sezione di Macerata	25.000

The following do not fall within the scope of the above regulations: (i) the forms of incentive/subsidy received in application of a general scheme of aid to all those entitled; (ii) fees pertaining to the provision of works/services, including sponsorships; (iii) reimbursements and allowances paid to individuals engaged in training and orientation internships; (iv) contributions received for continuing education from interprofessional funds established in the legal form of association; (v) membership dues for membership in trade and territorial associations as well as in favor of foundations, or equivalent organizations, functional to activities related to the company's business; (vi) (where applicable to the company) costs incurred against social projects related to the investment activities carried out.

Disbursements are identified on a cash basis. Disclosures include disbursements exceeding €10 thousand made by the same disbursing party during 2024, including through a plurality of acts. Pursuant to the provisions of Article 3-quater of DL 135/2018, converted with amendments by Law No. 12 of February 11, 2019, for disbursements received, reference is made to the indications contained in the National Register of State Aid referred to in Article 52 of Law No. 234 of December 24, 2012. For disbursements received, in addition to what is indicated in the National Register of State Aid under Article 52 of Law No. 234 of December 24, 2012, no additional cases are noted.

37. Significant non-recurring events and operations

In June 2024, in relation to the environmental liabilities on italian sites transferred in 1989 from an italian operator to versalis Spa, the two parties defined the terms of a settlement that recognizes the criteria of 50% sharing of the costs of environmental remediation and restoration activities . This agreement covers both the costs incurred by Versalis Spa for the reclamation operations carried out to date, aligned to the levels of pollution ascertained following environmental characterizations , and the future costs that are expected to be incurred, based on constructive or legal obligation existing at the balance sheet date, of which the costs were accrued in the reporting period. This agreement ended with an economic benefit for Versalis of approximately 271 million euros and allows to mitigate significantly the potencial liabilities deriving from ongoing reclamation activities at the Italian sites included in the settlement, which are the largest part of Versalis Spa's plants with environmental risks in Italy.

In November 2024 has been signed the amendament of the trading contract of Co2 emission with EGEM SpA. The amendment consist of descharging the net exposure model and implementing a process of annual sale of CO2 free allowanced emission and simultaneous forward purchase of useful CO2 allowances to meet the year's compliance.

During 2024 Versalis carried out the sale of Novara R&D Business Unit to Eni SpA. The transaction, involving 15 resources, is part of the plan of actions defined by Versalis to obtain maximum synergies in cost, organizational streamline and logistics sites following the acquisition of Novamont. In agreement with the relevant Versalis and Eni functions , it was decided to close Versalis Spa operations at the Donegani research center in Novara through:

- The transfer from Versalis Spa to Eni SpA of all the activities relating to the reaserch on the catalysis process and pilot plant operation;
- The allocation of fermentation and agronomic supply chain development activities at other Versalis SpA sites already operating in these areas.

38. Positions or transactions deriving from atypical and/or unusual operations

During the year, there were no positions or transactions deriving from atypical and/or unusual operations.

39. Assets held for sale and disposals

As at December 31, 2024, there were no assets held for sale and disposals.

40. Main events subsequent to December 31, 2024

No events occurred after the close of the 2023 financial year that could have a material impact on the Group's financial statements. On February 20, 2024, Eni S.p.A. issued a Support Letter to the Company, in which it reaffirmed Eni's policy to provide the subsidiaries, directly or indirectly, with the necessary funds to meet their obligations, specifically confirming the necessary financial support, including any capitalization, to guarantee the going concern of Versalis S.p.A. and its subsidiaries for at least 12 months from the date of approval of their respective financial statements for the year 2024.

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Annex to Financial statement

Versalis shareholdings as at December 31st 2024

CHANGES THAT OCCURRED DURING 2024

The following corporate transactions occurred in 2024:

- on April 15, 100% of the capital of Tecnofilm SpA and its subsidiary Tecnocompounds Valtenna Srl was acquired;
- on July 31, 2024, the sale of Versalis Americas Inc to Eni Petroleum Co Inc was completed;
- on August 18, the company VME Oilfield Chemicals LLC was incorporated;
- on October 26, the company Versalis Singapore PTE. LTD was renamed Versalis Asia Pacific PTE. LTD.;
- on November 19, the company Tecnocompounds Valtenna Srl was renamed REWAVE Srl and sold by Tecnofilm SpA to Versalis SpA;
- on November 19, the company LVE China Co. Ltd (100% LVE Co LTD) was closed due to cancellation;
- on 1st December the merger of Materbiotech SpA into Novamont SpA was completed, with accounting effect from 1st January.

CONSOLIDATING COMPANY

Company Name		Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Versalis SpA	● ● ● ● ●	San Donato Milanese (MI)	EUR	200.000.000,00	Eni SpA	100,00	100,00	C.I.

Business principale svolto

● Chemicals
● Polymers
● Advanced Materials
● Oilfield chemicals
● Bio Chemistry
● Compounding
○ Others

SUBSIDIARIES

In Italy

Company Name		Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Finproject SpA	●	Morrovalle (MC)	EUR	18.500.000	Versalis SpA	100,00	100,00	C.I.
Mater-Agro Srl	●	Novara (NO)	EUR	50.000	Novamont SpA	85,00	85,00	P.N.
					Terzi	15,00		
Matrìca SpA	●	Porto Torres (SS)	EUR	37.500.000	Versalis SpA	50,00	100,00	C.I.
					Novamont SpA	50,00		
Novamont SpA	●	Novara (NO)	EUR	20.000.000	Versalis SpA	100,00	100,00	C.I.
Rewave Srl	○	San Donato Milanese (MI)	EUR	51.640	Versalis SpA	100,00	100,00	P.N.
Tecnofilm SpA	●	Sant'Elpidio A Mare (FM)	EUR	7.315.000	Versalis SpA	100,00	100,00	P.N.

Abroad

Company Name		Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Asian Compounds Ltd	●	Hong Kong (Hong Kong)	HKD	1.000	Finproject Asia Ltd	100,00	100,00	C.I.
BBI Sverige AB	●	Torsby (Svezia)	SEK	100.000	BioBag International As	100,00	100,00	P.N..
BioBag Americas Inc	●	Dunedin (USA)	USD	476	Biobag International As	100,00	100,00	C.I.
BioBag Finland OY	●	Vantaa (Finlandia)	EUR	203.784	BioBag International As	100,00	100,00	P.N.
BioBag Inc	●	Toronto (Canada)	CAD	100	BioBag International As	100,00	100,00	P.N.
BioBag International AS	●	Indre Østfold (Norvegia)	NOK	3.565.000	Novamont SpA	100,00	100,00	C.I.
BioBag Norge AS	●	Indre Østfold (Norvegia)	NOK	200.000	BioBag International As	100,00	100,00	P.N.

Company Name	Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
BioBag Plastics Ltd	Dun Laoghaire (Irlanda)	EUR	1.000	BioBag International As	100,00	100,00	P.N.
BioBag Polska Sp zoo In liquidation	Wroclaw (Polonia)	PLN	106.100	BioBag International AS	100,00	100,00	P.N.
BioBag UK Ltd	Belfast (UK)	GBP	1.000	BioBag International As	100,00	100,00	P.N.
BioBag Zenzo A/S	Hillerød (Danimarca)	DKK	400.000	BioBag International As	100,00	100,00	P.N.
Dagöplast AS	Hiiumaa (Estonia)	EUR	76.800	BioBag International As	100,00	100,00	C.I.
Dunastyr Polystyrene Zrt	Budapest (Ungheria)	HUF	11.0255.680.00	Versalis SpA	96,34	100,00	C.I.
				Versalis International SA	1,83		
				Versalis Deutschland GmbH	1,83		
Finproject Asia Ltd	Hong Kong (Hong Kong)	USD	1.000	Finproject SpA	100,00	100,00	C.I.
Finproject Brasil Industria De Solados Eireli	Franca (Brasile)	BRL	1.000.000	Finproject SpA	100,00	100,00	P.N.
Finproject Guangzhou Trading Co Ltd	Guangzhou (Cina)	USD	180.000	Finproject SpA	100,00	100,00	C.I.
Finproject India Pvt Ltd	Jaipur (India)	INR	121.767.880	Versalis Asia Pacific	99,99	100,00	C.I.
				Finproject SpA	0,01		
Finproject Romania Srl	Valea Lui Mihai (Romania)	RON	7.523.030	Finproject SpA	100,00	100,00	C.I.
Finproject Viet Nam Company Limited	Hai Phong (Vietnam)	VND	19.623.250.000	Versalis Asia Pacific PTE Ltd	100,00	100,00	P.N.

Company Name		Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Foam Creations (2008) Inc		Quebec City (Canada)	CAD	1.215.000	Finproject SpA	100,00	100,00	C.I.
Foam Creations México SA de CV		León (Messico)	MXN	35.956.433	Foam Creations (2008) Finproject SpA	53,23 46,77	100,00	C.I.
Novamont France SAS		Parigi (Francia)	EUR	40.000	Novamont SpA	100,00	100,00	C.I..
Novamont GmbH		Eschborn (Germania)	EUR	25.564	Novamont SpA	100,00	100,00	P.N.
Novamont Iberia SLU		Cornellà De Llobregat (Spagna)	EUR	50.000	Novamont SpA	100,00	100,00	C.I.
Novamont North America Inc		Shelton (USA)	USD	50.000	Novamont SpA	100,00	100,00	C.I.
Padanaplast America Llc		Wilmington (USA)	USD	70.000	Finproject SpA	100,00	100,00	P.N.
Padanaplast Deutschland GmbH		Hannover (Germania)	EUR	25.000	Finproject SpA	100,00	100,00	P.N.
Versalis Asia Pacific PTE. LTD.		Singapore (Singapore)	SGD	15.927.500	Versalis SpA	100,00	100,00	C.I.
Versalis Congo Sarlu		Pointe-Noire (Congo)	XAF	1.000.000	Versalis International SA	100,00	100,00	C.I.
Versalis Deutschland GmbH		Eschborn (Germania)	EUR	100.000	Versalis SpA	100,00	100,00	C.I.
Versalis France SAS		Mardyck (Francia)	EUR	126.115.582,90	Versalis SpA	100,00	100,00	C.I.
Versalis International SA		Bruxelles (Belgio)	EUR	15.449.173,88	Versalis SpA V. Deutschland GmbH Dunastyr Zrt Versalis France SAS	59,00 23,71 14,43 2,86	100,00	C.I.
Versalis International Côte d'Ivoire Sarlu		Abidjan (Costa D'Avorio)	XOF	270.000.000	Versalis International SA	100,00	100,00	P.N.
Versalis Kimya Ticaret Limited Sirketi		Istanbul (Turchia)	TRY	20.000	Versalis International SA	100,00	100,00	C.I.

Company Name		Sede legale	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Versalis México S. de R.L. de CV.	●	Città del Messico (Messico)	MXN	45.001.000	Versalis International SA Versalis SpA	99,99 0,01	100,00	C.I.
Versalis Pacific (India) Private Limited	●●	Mumbai (India)	INR	238.700	Versalis Asia Pacific Versalis International SA	99,99 0,01	100,00	C.I.
Versalis Pacific Trading (Shanghai) Co Ltd	●●●	Shanghai (Cina)	CNY	15.237.236	Versalis Asia Pacific	100,00	100,00	C.I.
Versalis UK Ltd	○	London (Gran Bretagna)	GBP	4.023.042	Versalis SpA	100,00	100,00	C.I.
Versalis Zeal Ltd	●	Takoradi (Ghana)	GHS	5.650.000	Versalis International SA Terzi	80,00 20,00	80,00	C.I.
VME Oilfield Chemicals LLC	●	Doha (Qatar)	QAR	1.000.000	Versalis Spa	100,00	100,00	P.N.

ASSOCIATED COMPANIES

In Italy

Company Name		Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Brindisi Servizi Generali Scarl	○	Brindisi (BR)	EUR	1.549.060	Versalis SpA	49,00	49,00	P.N.
					Eni Rewind SpA	20,20		
					EniPower SpA	8,90		
					Terzi	21,90		
Polymer Servizi Ecologici Scarl	○	Terni (TR)	EUR	10.000	Novamont SpA	32,44	32,44	P.N.
					Terzi	67,56		
Priolo Servizi ScpA	○	Melilli (SR)	EUR	28.100.000	Versalis SpA	37,22	37,22	P.N.
					Eni Rewind SpA	5,65		
					Terzi	57,13		
Ravenna Servizi Industriali ScpA	○	Ravenna (RA)	EUR	5.597.400	Versalis SpA	42,13	42,13	P.N.
					EniPower SpA	30,37		
					Ecofuel SpA	1,85		
					Terzi	25,65		
Servizi Porto Marghera Scarl	○	P.to Marghera (VE)	EUR	8.695.718	Versalis SpA	48,44	48,44	P.N.
					Eni Rewind SpA	38,39		
					Terzi	13,17		

Abroad

Company Name		Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
BioBag Baltic OÜ	●	Tallinn (Estonia)	EUR	3.846	BioBag International As	35,00	35,00	P.N.
					Terzi	65,00		

(*) C.I. = line by line consolidation, P.N. = net equity method, Co. = measurement at cost, F.V. = measurement at fair value

JOINT VENTURES

Abroad

Company Name	Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Lotte Versalis Elastomers Co Ltd	Yeosu (Jeollanam)	KRW	701.800.000.000	Versalis SpA	50,00	50,00	P.N.
	(Corea Del Sud)			Terzi	50,00		
Versalis Chem-invest limited liabilited partnership	Uralsk City	KZT	64.194.000	Versalis International SA	49,00	49,00	P.N.
	(Kazakhstan)			Terzi	51,00		
VPM Oilfield Specialty Chemicals LLC	Abu Dhabi	AED	1.000.000	Versalis International SA	49,00	49,00	P.N.
	(Emirati Arabi Uniti)			Terzi	51,00		

(*) C.I. = line by line consolidation, P.N. = net equity method, Co. = measurement at cost, F.V. = measurement at fair value

OTHER COMPANIES

In Italy

Company Name		Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Consorzio Crea Assemini	○	Cagliari (CA)	EUR	70.000	Versalis SpA	7,14	7,14	F.V.
					Terzi	92,86		
IAS Industria Acqua Siracusana SpA	○	Siracusa (SR)	EUR	102.000	Versalis SpA	1,00	1,00	F.V.
					Terzi	99,00		
IFM Ferrara ScpA	○	Ferrara (FE)	EUR	5.304.464	Versalis SpA	19,61	19,61	F.V.
					Eni Rewind SpA	11,51		
					S.E.F. Srl	10,63		
					Terzi	58,25		
National Biodiversity Future Center Scarl	○	Palermo (PA)	EUR	100.000	Novamont SpA	32,44	32,44	F.V.
					Terzi	67,56		
Socratis Scarl in liquidazione	○	Caserta (CE)	EUR	100.000	Novamont SpA	10,00	10,00	F.V.
					Terzi	90,00		

Abroad

Denominazione		Registered office	Currency	Share Capital	Shareholders	% of ownership	% Control in Versalis Group	Accounting treatment (*)
Sociedad Espanola de Materiales Plasticos SA	○	Madrid (Spagna)	EUR	61.002	Versalis International SA	7,88	7,88	F.V.
					Terzi	92,12		
BKV Beteiligungs-und Kunststoffverwert-ungsgesellschaft mbH	○	Francoforte Sul Meno (Germania)	EUR	14.147.400	Versalis Deutschland GmbH	1,22	1,22	F.V.
					Terzi	98,78		
EXELTIUM SAS	○	Parigi (Francia)	EUR	12.358.090	Versalis France SAS	1,67	1,67	F.V.
					Terzi	98,33		
Genomatica Inc	●	San Diego (USA)	USD	451.249.830	Versalis SpA	0,03	0,03	F.V.
					Terzi	99,97		

(*) C.I. = line by line consolidation, P.N. = net equity method, Co. = measurement at cost, F.V. = measurement at fair value

Versalis SpA Annual Report

versalis

2024

Balance sheet

		31.12.2024		31.12.2023	
(€ million)	Note	Total amount	*of which with related parties*	Total amount	*of which with related parties*
ASSETS					
Current assets					
Cash and cash equivalents	(1)	299.605	*288.819*	66.211	*56.422*
Other financial activities	(2)	13.125.000	*13.125.000*	93.125.000	*93.125.000*
Trade and other receivables	(3)	511.201.155	*282.120.023*	783.426.533	*471.681.126*
Inventories	(4)	778.257.507		750.212.170	
Income tax receivables	(5)	100.840		156.936	
Other current assets	(6)	4.176.000	*241.343*	6.616.478	*1.403.697*
		1.307.160.107		**1.633.603.328**	
Non current assets					
property, plants and equipment	(7)	138.900.941		138.817.297	
Intangible assets	(8)	77.399.546		76.278.757	
Equity-accounted investments	(10)	1.247.938.551		1.208.633.841	
Other investments	(11)	1.046.102		1.046.102	
Other non-current financial assets	(12)	4.828.759	*4.828.759*	13.832.199	*13.832.199*
Deferred tax assets	(13)	271.510.000		33.000.000	
Other non-current assets	(14)	215.570.426		9.497.396	
		1.957.194.325		**1.481.105.592**	
TOTAL ASSETS		**3.264.354.432**		**3.114.708.920**	
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities					
Short term debt	(15)	167.741.046	*162.883.102*	322.153.270	*315.201.914*
Current portion of long-term debt	(16)	218.652.718	*214.307.506*	312.957.004	*312.829.677*
Trade and other payable	(17)	736.419.114	*318.288.805*	649.187.095	*307.052.786*
Other current liabilities	(18)	23.775.241	*8.762.498*	22.049.599	*9.086.816*
		1.146.588.119		**1.306.346.968**	
Non current liabilities					
Long term financial liabilities	(19)	1.604.375.000	*1.604.375.000*	1.413.250.156	*1.413.125.000*
Provision for risks and charges	(20)	381.060.059		223.461.740	
Provision for employee benefits	(21)	58.165.157		63.331.291	
Other non-current liabilities		101.165	*100.000*	101.164	*100.000*
		2.043.701.381		**1.700.144.351**	
TOTAL LIABILITIES		**3.190.289.500**		**3.006.491.319**	
SHAREHOLDER'S EQUITY	(22)				
Share capital (a)		200.000.000		300.000.000	
Legal reserve		508.217.600		977.372.228	
Business combination under common control		778.677			
Riserves for defined benefit plans for employees		1.804.334		974.423	
Retained earnings					
Net profit (losses)		(636.735.679)		(1.170.129.050)	
TOTAL SHAREHOLDER'S EQUITY		74.064.932		**108.217.601**	
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3.264.354.432		**3.114.708.920**	

(a) Fully paid-up sharecapital consisting of 1.364.790.000 shares with no face value

Income Statement

(€ million)	Note	2024 Total	2024 *of which with related parties*	2023 Total	2023 *of which with related parties*
REVENUES	(24)				
Net sales from operations		2.874.562.033	*491.709.521*	3.122.800.045	*519.998.095*
Other income and revenues		522.455.785	*237.792.705*	111.569.851	*71.044.420*
Total revenues		**3.397.017.818**		**3.234.369.896**	
OPERATING EXPENSES	(25)				
Purchaes, services and other		(3.695.036.353)	*(1.357.197.728)*	(3.676.011.934)	*(1.408.918.264)*
Net (impairment losses) reversals of trade and other receivables	(3)	(6.499.285)		2.661.854	
Payroll and related costs		(303.092.915)	*(3.222.216)*	(327.181.249)	*(3.078.078)*
DEPRECIATION, AMORTIZATION	(26)	**(17.788.852)**		**(40.452.645)**	
IMPAIRMENT	(26)	**(156.277.893)**		**(319.537.160)**	
OPERATING INCOME (LOSS)		**(781.677.481)**		**(1.126.151.238)**	
FINANCIAL INCOME (EXPENSES)	(27)				
Financial income		18.286.279	*6.190.383*	10.221.122	*2.907.056*
Financial expenses		(71.078.452)	*(57.387.945)*	(54.815.640)	*(43.773.002)*
Derivatives		1.548.371	*1.548.371*	244.961	*244.961*
		(51.243.802)		**(44.349.557)**	
INCOME (EXPENSE) FROM INVESTMENTS	(28)	**(47.186.214)**		**(226.602.839)**	
PROFIT (LOSS) BEFORE INCOME TAXES		**(880.107.497)**		**(1.397.103.634)**	
Income taxes	(29)	243.371.817		226.974.584	
NET PROFIT (LOSS) FOR THE YEAR		**(636.735.679)**		**(1.170.129.050)**	

Statement of comprehensive income (loss)

(€)	**2024**	**2023**
NET PROFIT (LOSS) FOR THE YEAR	**(636.735.679)**	**(1.170.129.050)**
Other items of comprehensive profit (loss)		
Remeasurements of defined benefit plans	(812.320)	(654.618)
Tax effect related to other components of comprehensive loss not reclassified to P&L	68.628	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(637.479.371)**	**(1.170.783.668)**

Statement of changes in shareholder's equity

(€ milioni)	Share capital	legal reserve	Reserve Business combination under common control	Changes in the value of equity investments assessed using the equity method	Other reserves	Reserve for employee defined-benefit plans	Retained earnings (losses)	Profit (Loss) for the year	Total
Balances at December 2022 (a)	**446**			**143**	**500**	**(3)**	**(116)**	**(763)**	**207**
loss of the year 2023								*(1.170)*	*(1.170)*
Remeasurements of defined benefit plans net of tax effect									
Changes in fair value of investments									
Total comprehensive loss of the year 2023 (b)								**(1.170)**	**(1.170)**
Transactions with shareholders:									
Allocation of 2023 loss							(763)	763	
Share capital reduction and coverage of losses	(146)			(143)	(500)	4	785		
Dividend distribution									
Payment of the sole shareholder					977		94		**1.071**
Total transactions with shareholders (c)	**(146)**				**477**	**4**	**116**	**763**	**1.071**
Balance at December 2023 (e=a+b+c)	**300**				**977**	**1**		**(1.170)**	**108**
loss of the year 2024								(637)	**(637)**
Other items of comprehensive profit (loss)						*1*			***1***
Revaluation of defined-benefit plans for employees net of tax effect						*1*			**1**
Total comprehensive loss for the year 2024 (f)						**2**		**(637)**	**(635)**
Transactions with shareholders:									
Allocation of 2024 loss							(1.170)	1.170	
Reduction in shareholder's capital and loss coverage	(100)				(977)	(1)	1.078		
Payment of the sole shareholder					508		92		**600**
Total transactions with shareholders (g)	**(100)**				**(469)**	**(1)**		**1.170**	**600**
Other changes									
Business combination under common control			1						**1**
Total other changes (h)			**1**						
Balance at December 31, 2023 (i=e+f+g+h)	**200**		**1**		**508**	**2**		**(637)**	**74**

Statement of cash flow

(€ milioni)	Note	2024	2023
Profit (loss) for the year		(637)	(1.170)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	(26)	18	40
Net Impairments (reversals) of tangible, intangible assets and right of use	(9)	156	320
Net gain on disposal of equity investments	(10)	73	278
Gains/Losses on securities and financial receivables, investment, disinvestment	(2)		(4)
Currency translation differences from alignment		(2)	
Net gain on disposal of assets	(24)	(8)	(5)
Dividends	(28)	(21)	(51)
Interest income	(27)	(4)	(2)
Interest expenses	(27)	55	46
Current, deferred and advance income taxes for the period	(29)	(243)	(227)
Other changes			
Changes in working capital:	(4)	(28)	142
- inventories	(3)	74	67
- trade receivables	(17)	(55)	(56)
- trade payables	(20)	169	25
- provisions for contingencies		(55)	33
- other assets and liabilities		*(508)*	(564)
Cash flow from changes in working capital	(21)	(4)	5
Dividend received		3	51
Interest received		5	2
Interest paid		(54)	(42)
Income taxes paid, net of tax receivables received		226	3
Net cash provided by operating activities		**(332)**	**(545)**
of which with related parties	(31)	(254)	(1.095)
Investing activities:		(314)	(666)
- tangible assets	(7)	(168)	(136)
- intangible assets	(8)	(17)	(19)
- investments	(10) e (11)	(125)	(537)
- changes in payables relating to investing activities	(17)	(4)	26
Cash flow from disposals		*16*	*16*
- tangible assets	(7)	4	6
- investments	(10) e (11)	6	
- intangible assets		6	10
Net cash provided by investing activities		**(298)**	**(650)**
of which with related parties	*(31)*	(115)	(511)
Financial receivables not instrumental to operating activities - disinvestment		89	
Increase (decrease) in long-term financial debt	(19)	404	1.200
Repayment of long-term financial debt	(19)	(309)	(209)
Increase (decrease) in short-term financial debt	(15)	(154)	(891)
Equity contributions from shareholders	(22)	600	1.071
Net cash provided by financing activities		**630**	**1.171**
of which with related parties	*(31)*	629	*1.177*
Net cash flow for the year		**-**	**(24)**
Cash and cash equivalents - beginning of the year	(1)	**-**	**24**
Cash and cash equivalents - end of the year	(1)	**-**	**-**

Notes to the Financial Statements

Significant accounting policies, estimates and judgments

Basis of preparation

The Annual Financial Statements of Versalis SpA have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "international accounting principles") as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) pursuant to article 6 of the EC Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and in accordance with article 9 of the Italian Legislative Decree No. 38/05.

The Financial Statements have been prepared on a historical cost basis, considering where appropriate any value adjustments, except for certain items that under IFRSs must be measured at fair value as required by the accounting policies.

The parent company Versalis SpA, following the net loss for the year of 673 million euros, falls within the conditions set out in art. 2446 of the Civil Code. These financial statements have been prepared on a going-concern basis since the directors believe, consistently with what happened in previous years and in the current one, that they can benefit from the constant financial support from Eni SpA, whose management activity and coordination Versalis Spa is submitted. In this regard, on February 20 2025 Eni SpA issued a Support Letter in which it reiterated Eni's policy to ensure to all entities, directly or indirectly controlled, the coverage of the financial needs to the extent that allows them to regularly fulfill their obligations confirming, specifically, the necessary financial support, including any capitalization, to guarantee the going concern of Versalis and its subsidiaries for twelve months following the date of approval of their respective financial statements for the year 2025. Furthermore, in October 2024, Eni announced a transformation plan for the chemicals sector that will involve an investment of €2 billion over the next few years, a description of which can be found in the Management Report.

The notes of Balance Sheet and Profit & Loss accounts are presented in millions of euros, considering the materiality if the amounts, except where otherwise indicated.

Significant accounting estimates and judgments

The application of the internationally accepted accounting standards for the preparation of annual and interim financial statements implies that the management uses accounting estimates based on complex and/or subjective judgements, on past experience and assumptions deemed as reasonable and realistic considering the information known at the moment of the estimation. The use of accounting estimates affects the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, as well as the reported amounts of revenue and expense. Actual outcomes could differ from the estimates due to the uncertainty that characterizes assumptions and conditions upon which such estimates are based. Changes in the conditions upon which judgements, assumptions and estimates are based could significantly affect the subsequent results.

Evaluation Criteria

The valuation criteria are the same as those adopted for the preparation of the consolidated financial statements, to which reference should be made, except for the recognition and valuation of investments in subsidiaries, affiliates and jointly controlled companies. Specifically, these are valued at purchase cost including directly attributable incidental costs. Where there is objective evidence of impairment, recoverability is tested by comparing the carrying value with the relevant recoverable value represented by the higher of fair value, net of disposal charges, and value in use. The latter is determined by discounting to present value the cash flows expected from the equity investment and, if significant and reasonably determinable, from its disposal, net of disposal costs or by considering all the results of the impairment tests conducted by the investees; in the absence of different evidence, the value in use is made at least equal to the equity in consolidated use.

When the reasons for the write-downs made no longer apply, equity investments valued at cost are revalued to the extent of the write-downs made, with the effect charged to the income statement under "Other income/expenses on equity investments."

The investor's share of any losses of the investee, in excess of the carrying value of the investment, is recognized in a special provision to the extent that the investor is committed to fulfilling legal or implied obligations of the investee, or otherwise, to cover its losses.

Transactions involving the sale and purchase of business units and controlling equity investments entered into with subsidiaries and having a purely reorganizational purpose are recognized in continuity with the related book values; any difference between the price and the book value of the object transferred results in the subsidiary recognizing an increase/decrease in equity and consequently in the parent company increasing the book value of the equity investment or recognizing a dividend in the income statement.

Financial assets representing minority interests, since they are not held for trading purposes, are measured at fair value with effects to other components of comprehensive income and without turnover to P&L in case of realization; conversely, dividends from such equity investments are recognized in the income statement under the item "Income (charges) on equity investments", unless they clearly represent a recovery of part of the investment cost. The valuation at cost of a minority investment is allowed in the limited cases where the cost represents an adequate estimate of the fair value.

Dividends resolved by subsidiaries, associates or jointly controlled companies are charged to the Income Statement even if they result from the distribution of profit reserves generated prior to the acquisition of the equity investment. The distribution of such profit reserves represents an event that gives rise to the presumption of an impairment loss and, therefore, the need to verify the recoverability of the carrying value of the investment.

The fair value of the incentive plan with share-based payment, settled through Eni shares and issued for the benefit of the company's employees is recognized in accordance with the valuation criteria set out in the consolidated financial statements, to which reference should be made. Differently, the fair value of the share-based payment incentive plan, settled through treasury shares and issued for the benefit of employees of subsidiaries, is recognized, over the vesting period, as an increase in the value of the investment with an offsetting entry to equity reserves.